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No. 32

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NATIONAL ECONOMIC POLICY

JOURNAL STRESSES IMPORTANCE OF SPEEDING UP MATERIALS TURNOVER

HK110751 Beijing JINGJI GUANLI in Chinese No 8, 25 Aug 79 pp 26-29 HK

[Article by Wan Jung [5502 2533]: "Tap the Potentials From Enterprises, Speed Up Turnover of Materials"]

[Text] To carry out socialist modernization, huge funds are needed. Where do these funds come from? Utilization of foreign capital is one source, but the amount will be limited because our ability to repay principle and interest is limited. The fundamental way out is to rely on our own efforts and tap the potentials. To speed up turnover of materials is one way of tapping potentials. Our fixed assets, circulating funds and unfinished capital construction projects are enormous. If we raise the rate of utilization of fixed assets by 10 percent and the turnover rate of circulating funds by 10 percent and put 10 percent of the unfinished capital construction projects into operation ahead of schedule, the funds dug out would be 200 percent more than the state investment made this year. Many of our fixed assets have not been fully utilized. Investments in unfinished capital construction projects are more than four times as much as this year's investments. There are about three turnovers of industrial circulating funds a year as against five in 1966. All this shows that our latent potentials are enormous.

Speeding up the turnover of materials is an important part of speeding up the turnover of funds. The time of fund turnover is composed of production time and circulating time. To shorten the time of fund turnover, we must, on the one hand, improve the method of production, raise the labor productivity and the utilization rate of equipment and installations, use less manpower and hand out less wages. On the other, we must shorten the time of purchase and storage of capital goods, which would mean speeding up the turnover of materials and goods. Let us probe into the question of speeding up the turnover of materials.

How the Materials and Goods Kept in Stock Are Dispersed

The turnover of materials and goods is slow and many above-reserve materials and goods are kept too long in stock: this has become a problem

about which the leading departments and economic circles are much concerned. At the end of 1978 the total quantity of rolled steel in stock in our country was equivalent to more than half of the quantity of rolled steel produced and imported during the year and equivalent to 7 months' turnover quantity. The turnover period was almost the same as that during the "First Five-Year Plan period" and the 1964-1966 level and longer by several months than what the state demanded. Several million tons of above-reserve rolled steel were kept. In the case of mechanical and electrical products, even more above-reserve products were kept in stock and the turnover period of products kept in stock was as long as 18 months. Where are these materials and goods kept? Some people think that all or the greater part of these materials and goods are kept in the supplies departments. Actually, the opposite is the case. Of the rolled steel kept in stock, 60.18 percent are kept in stock by production enterprises and capital construction enterprises, 21.39 percent by the supply departments of production and construction units, and 1.96 percent by the steel plants, totaling 83.53 percent, and only 16.47 percent are kept in stock by the supplies departments. Of the mechanical and electrical products kept in stock, 64.65 percent are kept by production and construction units, 20.29 percent by the supply departments of production units and 5.58 percent by production enterprises, totaling 90.25 percent, and 9.48 percent are kept by the supplies departments at various levels. This is the very opposite of the situation in Japan. Last year, 76.2 percent of the rolled steel kept in stock in Japan were in the sales departments and only 23.8 percent were in the hands of the user units. This shows that in our case materials and goods are managed in a scattered way and are overstocked to a serious extent.

What Is the Reason for the Slow Turnover of Materials and Goods?

Slow turnover of materials and overstocking are a significant reflection of our low level of economic management and low level of technical equipment and installations. They involve the system of economic management, planning work, business management, price control and management of materials and goods.

[HK110758] First, transmission of plans to the lower level is too late. Orders for goods are placed first and plans are made second. Orders for goods are placed blindly. What is ordered is frequently not what is needed, and what is needed is frequently not ordered. Capital construction plans of some enterprises are not transmitted to the lower level until the fourth quarter of the same year whereas orders for goods were placed in the fourth quarter of the previous year. Capital construction plans, already ambitious, are raised at each level and projects outside the plans are indiscriminately started with the result that a big gap exists in the supply of materials. In the process of construction, everybody lays his hand on a portion of materials but does not "have enough to eat." In consequence, a large number of "aging" projects appear, projects that long remain uncompleted and cannot be put into

operation. The result is that materials and goods are overstocked and wasted. So far, the amount of money involved in the materials and goods kept in stock for capital construction purposes is equivalent to three-fifths of the total amount of this year's investments. But, as some capital construction plans have changed, the materials and goods already ordered are now kept in stock.

Second, some enterprises fix sales according to production instead of fixing production according to needs. The supplies departments will buy products even if they are not suited to needs and their quality is not up to standard and will pile them up in their warehouses. When the supplies departments supply products in proper proportions, part of the products will lie in piles in the warehouses of the user units. Last year, on the one hand our country imported quantities of rolled steel to make up for the shortage of needed varieties. On the other, we continued to produce the varieties of steel which were not needed. For this and other reasons, rolled steel kept in stock increased by 23 percent. There are many reasons why the variety of products is not suited to needs. Involved are the question of planning, the question of equipment and the question of price.

Third, collection of income and defrayal of expenses are unified and the practice of "eating in the same canteen" is prevalent. Fixed assets, capital construction investments and circulating funds for enterprises are allocated by the state. The way enterprises are operated is not linked to their development and to the economic responsibility and economic interests of their workers. Those who manage materials and goods well and insure quick turnover are not rewarded, while those who cause slow turnover, overstocking and even serious deterioration and damage are not punished. Enterprises generally think in terms of "suiting their own convenience regardless of overstocking." They lack initiative in verifying fixed and liquid assets, taking inventory and speeding up capital construction.

Fourth, management of materials and goods is many-sided and scattered. A nationwide materials distribution network has not been established. "Unified supply, two-level reserve of materials" has not been widely put into practice. In consequence, warehouses are set up by every trade and at every level and materials and goods are overstocked. In addition, management and technical standards are so low that no accurate record is kept of nationwide reserves of materials and goods and unnecessary materials and goods kept in warehouses cannot be effectively distributed and utilized. At the moment, mechanical and electrical products kept in stock are reported to the higher body once a year and rolled steel kept in stock is reported to the higher body once every 3 months. The reports list only the major categories. These reports cannot serve as the basis for prompt distribution of materials. Some enterprises have not put into effect the "five-unified" system (unified plan, unified purchase, unified distribution, unified allocation, unified

management) or the system of continuously taking inventory. Hence they are not clear about the materials and goods kept in stock.

Fifth, supplier and customer do not sign an economic contract or, even if they have signed one, do not fulfill it on a businesslike basis. The supplier does not deliver goods in the right time or does not transport them in the right time. Supply cannot be insured to meet the needs of enterprise production. This circumstance compels enterprises to keep a little more reserve stocks.

Sixth, experience is lacking in utilizing the role of the market as the regulator or in putting enterprises' unnecessary equipment and piled-up materials and goods to effective use. For reason of quality, many of these materials and goods have not been sold on the international market, leaving little room for enterprises to maneuver.

[HK110803] Ways To Speed Up the Turnover of Materials

To speed up the turnover of materials and goods, we must, on the one hand, adopt positive measures for taking inventory and fully utilizing the materials and goods kept in stock. On the other, we must effect some fundamental restructuring of the system of economic management, planning work, business management and materials management.

First, strengthen management of materials and goods and set up a nationwide network of materials distribution. Marx pointed out: "In commodity production, circulation is as essential as production itself. Thus the party to circulation is as essential as the party to production." (Marx: "Capital," Vol 2, p 119) Comrade Hua Guofeng pointed out: "It is no good to let management of materials fall behind. The importance of managing materials well cannot be overemphasized." To raise labor productivity, improve the quality of products and cut down cost in modernized, large-scale production, we must practice highly specialized cooperation not only in the sphere of production but also in the sphere of circulation. Circulation and production are connected with and depend on each other. In some countries whose economy grows at a faster rate, both production and circulation of materials and goods have division of labor in society. For example, in Japan more than 80 percent of the rolled steel are handled by wholesale merchants; in Romania, powerful administrative departments of materials and goods are established. In the years following the establishment of the Ministry of Materials and Goods in our country in 1964, management of materials and goods was strengthened and production needs were better met with the result that production recorded rapid development. After abolition of the ministry, management of materials and goods was thrown into disorder and production was adversely affected. After smashing the "gang of four," the General Bureau of Materials and Goods popularized Daqing's experience in unified management and made experiments in Shanghai, Changzhou and Jinzhou with good results, which were well received by the production units. But, taking the country as a

whole, popularization of Daqing's experience is not even, and scattered management of materials and goods and overstocking still exist to a serious extent. This is detrimental to socialist modernization, particularly to the present readjustment of the national economy. For this reason, it is imperative to strengthen the materials and goods departments, tighten up control of materials and goods and, under the principle of specialization, set up a nationwide materials distribution network. This will enable the materials and goods departments to have a unified grasp of the materials and goods in the hands of various areas, departments and enterprises and of the needs for materials and goods, and to organize distribution in a flexible way. The distribution network should be divided into two levels, the central and the local. The central network will be mainly responsible for distributing and utilizing the general materials and goods kept in stock by the enterprises under the direct jurisdiction of the central authorities. The provincial, municipal and regional networks will be responsible for distributing and utilizing the general materials and goods kept in stock by local enterprises. The two levels of network should strengthen their business connections and form a unified distribution network. It will be necessary to improve present statistical methods and compile monthly statistics of the materials and goods kept in stock. Statistical tables and reports should record the variety and standards of materials and goods so that they can serve as the basis of distribution.

Second, link up overall balance of plans on the one hand and production and needs on the other, and persist in producing according to need. It will be necessary to work out national long-range plans divided into annual plans and also five-year plans after investigation and study. The plans must be such as to embody economic laws and leave some room for maneuver. Each enterprise should work out its long-range plan and five-year plan linked to the national plan. On the basis of the annual targets set in the five-year plan and in the light of the actual conditions, annual plans should be drawn up. The state should transmit the plan targets for the following year to the lower level one or two quarters beforehand. Enterprises should sign economic contracts with the relevant units and, on the basis of economic construction, organize production. They should insure integration of production with need and produce according to need. Supplier and customer may sign long-term economic contracts concerning long-term steady relations of cooperation and make appropriate readjustment of the contracts each year. Consumption norms should be seriously worked out and observed as the basis of drawing up materials and goods plans.

[HK110812] Third, implement the principle of mainly relying on plan regulation and taking market regulation as subsidiary, and enliven the supply and marketing of materials and goods. The principle of mainly relying on plan regulation and taking market regulation as subsidiary should be applied to the supply and marketing of materials and goods. With regard to important products bearing on the national economy and

people's livelihood, distribution should be made according to plan and as far as possible in a flexible way. With regard to materials and goods that are large in quantity, cooperation centers should be set up to insure direct supply. As to materials and goods that are small in quantity, supply stations should be set up to insure supply on the spot. Sales departments may be set up for marketing odd materials and goods. Materials and goods in general may either be handled by the materials and goods departments or sold by the enterprises concerned themselves. Responsibilities for managing materials and goods should be clearly defined for the center and the localities. Cooperation should be expanded between the center and localities, to increase the interflow of commodities. Economic division of areas should be made according to the principle of economic rationality. Materials and goods departments should sign economic contracts with the suppliers and users and should do everything possible to insure good service and prompt supply. Materials and goods departments may reject products that are not suited to needs or not up to standard. Products rejected by these departments may either be sold by the enterprises concerned or consigned to materials and goods department for sale on their account. Both production factories and materials and goods departments should make efforts to shorten the time limit for supply to the users and gradually arrange supply of products each month, every 10 days or daily. Transportation of materials and goods must be prompt and timely.

Fourth, expand enterprises' right to act on their own, and manage enterprises in economic ways. The enterprises' right to act on their own in operation and management should be appropriately expanded. But enterprises must adhere to the socialist orientation and accept the guidance of state plans. Enterprises should pay utilization tax on the fixed assets they use. They may lease their idle fixed assets. Subject to approval by the competent department, enterprises may sell to others their surplus fixed assets at a certain price. As regards circulating funds, the system of quota credit loans should be put into effect: low interest payment is to be made on loans within the quota and high interest payment on loans above the quota. Relations of supply between the enterprises and the units concerned should be fixed in the form of contract. The party that fails to fulfill the contract should assume economic responsibility. Compensation should be paid out of the portion of profits retained and may not be entered into enterprise cost. In the case of those enterprises that are operated with success, a greater portion of profits may be retained, wages and bonuses for the workers may be somewhat greater, and welfare benefits may be a little better. This is designed to encourage the enterprises to cut down the quantity of materials and goods kept in stock and to accelerate their turnover. Supply units should operate on a businesslike basis, assume economic responsibility, take economic measures, pay attention to economic results and improve their operation and management. The system of state allocation of funds for capital construction investments should be changed to one of bank loans. Funds, materials, equipment, design and construction must

be guaranteed before work can be started on capital construction projects. From the time projects go into operation according to designed schedule, the enterprises concerned should pay fixed asset tax to the state. Similarly, capital construction work should be integrated with the economic responsibility and economic interests of the workers of construction enterprises. The enterprises should be urged to accelerate the progress of projects and the rate of materials turnover and pay attention to economic results. All the personnel handling supplies, who do a good job in production, construction and scientific research, speed up the turnover of materials and goods and cut down the consumption of materials, should be given spiritual and material encouragement.

Fifth, fully arouse the masses to check up on the materials and goods in stock, verify them and utilize them. To fully utilize the existing materials and goods in stock, the materials and goods departments and the production and construction units must fully arouse the masses to work together. It will be necessary to check up on the materials and goods kept in stock, verify the resources owned by the enterprises, take stock and make records of materials and goods according to categories and institute a system of continuous stocktaking. It will be necessary to make a scientific analysis and fix advanced, rational turnover norms for materials and goods kept in stock on the basis of production tasks, consumption norms and supply of materials and goods. On the basis of fixing the turnover norms of materials and goods kept in stock, we should fix the norms of circulating funds for enterprises and strengthen the management of funds. In the fourth quarter last year, Shanghai Metals Company in conjunction with some 550 major enterprises fixed the turnover norm of rolled steel kept in stock, decreasing the turnover period from 86 to 46 days and marking out 116,000 tons of materials as above-reserve materials kept in stock. Materials and goods kept in stock should be utilized in a variety of ways. For example, we should make a point of utilizing the materials and goods on hand first and place orders for goods next, organize processing and restructuring, launch a sales drive and organize allocation and redistribution. Last year, Shanghai Capital Goods Service Company sold 92 million yuan worth of overstocked materials and goods for various enterprises through a sales drive. Chengdu Capital Goods Service Company organized a sales drive and disposed of 10 million yuan worth of overstocked materials and goods between November last year and April this year.

To speed up the turnover of materials and goods kept in stock and fully utilize them is a matter of momentous significance because it has a direct bearing on the speed of socialist modernization. But it is a complicated, meticulous and formidable job involving many aspects. Therefore, the departments and enterprises concerned must make concerted efforts before it can be done well.

NATIONAL ECONOMIC POLICY

BRIEFS

HUNAN ENTERPRISES--With the approval of the State Economic Commission and the Ministry of Finance, 60 enterprises in Hunan have expanded their self-managment rights beginning from October. These trial-point units have been rectified, their leadership groups are comparatively strong, their system of management is sound and their production order is good. The total profits of these trial-point units account for 38 percent of the industrial profits throughout the province. Expanding the self management rights of these trial points will play an important role in increasing the province's revenues and profits. It is expected that the profits earned by these units this year will increase by 30 million yuan over last year. [Changsha Hunan Provincial Service in Mandarin 2315 GMT 2 Nov 79 HK]

CSO: 4006

ECONOMIC PLANNING

ECONOMIC JOURNAL PROPOSES ESTABLISHING MARKETING COMPANIES

HK090915 Beijing JINGJI GUANLI in Chinese No 7, 25 Jul 79 pp 12-14 HK

[Article by Li Xiujian [2621 4423 1696]: "A Suggestion To Convert Commodities Departments Into Marketing Companies"]

[Text] For many years our country's commodities departments have been kinds of executive and administrative agencies. They do not run purchasing and marketing business according to objective economic laws, but simply administer the distribution and flow of commodities in the form of administrative work. This backward mode of administration results in dislocation between supply, production and marketing. Storehouses are simply set up in localities appropriate to the levels of administrative division. Therefore very often there exist the phenomena of roundabout transportation as well as the loss and wastage of large quantities of commodities. If the industrial departments are reorganized from now on according to the principle of specialization, becoming specialized firms, then it will become more difficult to coordinate them with the existing commodity supply system. This kind of commodity supply system in the form of executive administration has become a big obstacle to the development in production. To restructure the economic system and accomplish the four modernizations, it is necessary to restructure the method and system of commodity management, converting commodity departments into marketing companies of the nature of business enterprises.

Marketing companies may be set up by reorganizing the existing commodities departments, or set up by large specialized firms themselves. In the past, our country's commodity supply has always been in the hands of one single agency. This phenomenon has encouraged the bureaucrat-businessman style of a few units and affected economic development. From now on, this situation must be changed and economic development enhanced by competition among different enterprises in marketing their products. Commodities departments have to be converted from the existing administrative bodies, which disregard profit and loss, into enterprises with independent accounting. The companies can be classified into the following three categories according to their scale:

The first category is large-scale multinational corporations. They are responsible for the whole country's purchase and marketing, as well as the export and import transactions of a certain category of commodities. This kind of corporation is domestically based. They may establish branch offices in foreign countries or employ local agencies there to take charge of the marketing and after-sales servicing of our country's export commodities. At the same time, they perform import business for domestic consumers. The marketing companies can readily inform the production units of the supply and demand conditions and other market conditions in domestic and foreign markets. This helps the production units to organize production in a planned way, avoid haphazard production, expand export sales, and at the same time be able to prevent loss of foreign exchange and a glut of commodities caused by haphazard importing of commodities.

The second category is transprovincial or local marketing companies, mainly formed by reorganizing the existing commodities departments. Their business is to organize the domestic flow of goods. At the same time, they may engage themselves in external trade.

The third category is the marketing companies set up by the production units themselves. Some large specialized production firms can establish their own marketing companies. To expand exports, they may also open branch offices in foreign countries or send representatives there, and establish trade relations with foreign firms.

Below are several suggestions about the guiding principle for running and managing the marketing companies.

1. Instituting the system of contracts as a general practice and using contracts as the basis of economic planning. From now on the former practice of purchasing everything disregarding whether the product quality is good or poor and whether the variety is satisfactory must be changed. The production units and the marketing companies (that is, the existing commodities departments) will sign selling contracts which stipulate the two parties' obligations and relations. The marketing companies must be responsible for advertising, publicity, market research, providing samples of various domestic and foreign products, and for letting the factories know the consumers' opinions. Some of the marketing companies should also assume the responsibilities of training operators for the customers, after-sales servicing and supply components and accessories. The factories must insure that the products supplied, in accordance with the contracts, must be up to standard in quality, of a satisfactory variety and produced with advanced technology. The marketing companies must themselves be liable for the damage of goods due to their own faults or losses due to difficulties in marketing. If they suffer a loss because of poor product quality and so forth which make marketing difficult, then the factories must compensate for the loss.

[HK090920] 2. Altering the methods of commodity management and widening the enterprises' jurisdiction. From now on, except for that portion of strategic materials in the state's control, other products should all be in open supply. The existing application forms as well as examination and approval procedures under a multitude of names must be done away with. Meetings for ordering goods should be abolished. Materials needed by production units may be directly ordered from the marketing companies. Some large enterprises may directly order goods from the factories without the intermediate examination and approval stages. There is a possible worry that this would cause economic chaos and aggravate wastage in some units. Actually such worry is unnecessary. For a long time we have been working not according to economic laws in matters of commodity supply and have been indulging in extreme collectivism and naturally have not dared adopt this method. From now on, if we work according to economic laws, strengthen business accounting and assume sole responsibility for profits or losses individually, then wastage will diminish year by year. Here only a simple example is presented: At present, an enterprise intending to purchase materials must first submit an application, report its plans, and the materials can then be obtained only after scores of examinations and approval procedures, which may take a few months to several years. The commodities departments often reject the enterprises' proper requests, with the excuse of being unnecessary. They invariably refuse to supply materials urgently needed by the enterprises on the grounds that plans have not been submitted beforehand. Such a series of tedious procedures makes it a must for each production unit to keep a certain quantity of stock in order to be able to sustain production. In addition, since business accounting is unimportant, the stock size will not affect the production units' attainment of the planned target. So despite the talk year after year about clearing storehouses and stocktaking, the storehouses are never cleared and the stock keeps on growing. If new methods of commodity supply are not introduced, and if all the authority is in the hands of a few leading bodies, so that a trivial matter necessitates scores of procedures, then, it will never be possible for our country's industries to determine output volumes by assessing the sales volumes, and the needs of economic development will never be met.

3. Adopting various ways of marketing products to activate the national economy. In the past, because the supply of commodities was in the form of executive administration, the enterprises' initiative was restricted and they had no authority to sell their own products. Consequently, some new products faced difficulties in marketing for the lack of market research and publicity, and many production units did not care to improve their products and raise quality. From now on they should enjoy the authority of marketing their own products, which may be advertised in the press and introduced to the consumers so as to expand their sales. In the past, exhibitions in our country have always been held for display only without selling anything. Such practices have encouraged a few production units to employ trickery, showing exhibits without manufacturing products and fetching undeserved reputations without minding

practical results. From now on every exhibition must be accompanied with product-marketing business. Fairs and exhibitions should replace the ordering meetings held under a multitude of names. Some medium or small-scale enterprises and communes may let their exhibition pavilions be set up by and their contracts signed by the marketing companies.

4. Employing various economic means to strengthen supervision over enterprises in order to improve the present situation which is marked by relying solely on administrative methods to run the economy, the nuisance of numerous procedures and the ineffectiveness of supervision. If the enterprises' power of autonomy is now enlarged and the supply of materials made free, then, various economic means like banking, taxation, pricing, economic legislation and technical standards must be employed to manage and guide the national economy. Take technical standard as an example. Many of our country's products now have no strict technical standard in production. Some sectors would declare a lowering of the technical standard because of poor product quality. This actually promotes and encourages manufacturing in a slipshod way. To stipulate strict technical standards and ban the production and sale of all products whose technical level and quality fail to meet standards would be effective in preventing manufacturing in a slipshod way, and would be much more efficacious than the leading bodies making appeals and writing instructions on documents all day long.

Our economic planning must be based on contract making and market research, and must make the gradual transition toward the state of determining output volume by assessing sales volume. In the past, the method of planning has been to set a certain main target, and then deduce other figures. This is against objective economic laws. Particularly, influenced by the ultraleft trend of thought, planning left gaps which have caused an artificially created shortage of materials. This is especially undesirable.

[HK090925] Some people think that it is hardly possible for our country to determine output volume by assessing the sales volume in the near future; therefore, they propose to make the procedures stricter and strengthen planning work. However, to make the procedures stricter would only mean adding more barriers and more examination and approval procedures. This would make the steps of doing business more numerous. Actually most procedures can now be canceled. If economic supervision is strengthened, it can be insured that economic chaos will not happen. To strengthen planning work, gaps must first not be left in the overall economic planning, and artificially created shortages should not be allowed to occur. But it is impossible that the overall economic planning will be all-embracing, determining each step of action of every enterprise. The production plan of every unit must be based on detailed investigation and study of demand conditions in domestic and foreign markets. For a long time in the past we did not have any market research and worked according to the superior officials' will. Although some

enterprise production targets are soaring year after year, unwanted things are lavishly produced while things needed are not produced, leading to artificially created shortages of materials and vast wastages. To reverse this situation, it is a must to determine output volume by sales volume. The prerequisite is to alter the system of commodity supply and management.

Determination of output volume by assessing the sales volume and conversion of commodities departments into specialized marketing companies necessitate an important restructuring of the direction of production and system of management. Such restructuring takes a certain period of time. We cannot act with undue haste, causing economic chaos, nor stay in the same old groove, refusing to restructure. It may be considered that, starting from this year, the restrictions on and the examination and approval procedures for some of the products which are in full or excessive supply may be abolished, so that every demand is satisfied and goods are delivered as required. Starting from next year, business accounting should be carried out in full scale, contracts should be concluded with production units, external trade should be directly carried out and internal-external unity should be achieved. Starting from 1981, local commodities departments are to be reorganized into specialized firms. There are three possible ways of handling the existing large glut of materials in storehouses: First, offering for sale at a lower price; second, subjecting them to additional processes to improve them; third, destroying them or returning them to the factories for use as raw materials for producing new, up-to-standard products.

With the appearance of specialized marketing companies, the local commodities bureaus should be dispensed with. Step one is to abolish commodities departments at the local level and the county level. Step two is to abolish the commodities bureaus at the level of provinces, municipalities and autonomous regions. These bureaus will be divided into two parts. A small part will be converted into strategic reserve departments, and the rest will be converted into business enterprises. The marketing companies at all levels must practice independent business accounting. Material rewards for the staff must be determined on the basis of the companies' profit from the marketing business. Only in this way can the initiative of the commodities departments' staff be fully brought into play.

CSO: 4006

ECONOMIC PLANNING

BRIEFS

BEIJING WORKERS' ECONOMIC BURDENS--The Beijing Municipal CCP and Revolutionary Committees have reduced the economic burdens of the staff and workers by using local finance. According to statistics of the departments concerned, each of the 2 million staff and workers throughout the municipality receives an average of 30 yuan in benefits each year. The civil residential buildings of the Beijing Housing Management Bureau and the quarters for the staff and workers of the enterprises and units adopted a new rental standard beginning from 1 July 1979, correcting the uneven rents charged in the past. Compared with the past, the rents for multistoried and single-story buildings have generally been reduced. Approximately 500,000 residents who live in public housing are now paying less rent. The municipality has also provided appropriate assistance to the staff and workers for transport and nursery expenses. Fees for kindergartens and nurseries have been reduced by 50 percent. Beginning in January 1978, the municipality also abolished license fees for private bicycles. [Beijing City Service in Mandarin 2300 GMT 29 Oct 79 HK]

CSO: 4006

GENERAL ECONOMIC INFORMATION

BRIEFS

SHANGHAI ECONOMICS SOCIETY--The Shanghai World Economics Society was established on 8 November. Chen Jinhua, deputy secretary of the Shanghai Municipal CCP Committee and vice chairman of the municipal revolutionary committee, and (Li Jingxiang), vice chairman of the municipal revolutionary committee, attended the inauguration meeting. The meeting adopted the constitution of the society and elected a board of directors. [Shanghai City Service in Mandarin 0000 GMT 12 Nov 79 OW]

SICHUAN OCTOBER INDUSTRY--The level of industrial production in October in Sichuan was higher than September and increased by 18.8 percent over October last year. From January to October, the increase was 11 percent over the corresponding period last year. Of the 80 main industrial products, the output of various items including crude oil, timber, soap, batteries, sewing machines, medicine, internal combustion engines and rolled steel fulfilled the whole year's plan ahead of schedule. The output of the products for supporting agriculture also increased prominently. In October, the output of chemical fertilizer and plant chemicals increased by 10 and 9 percent respectively over September, while the output of plastic sheets for agricultural use increased by 100 percent. From January to October the output of chemical fertilizer has fulfilled 99.6 percent of the whole year's plans, while the output of phosphate ore fulfilled 88.7 percent of the year's plans. In October, the output value of light industry increased by 8.7 percent over September. [Chengdu Sichuan Provincial Service in Mandarin 2310 GMT 7 Nov 79 HK]

JIANGXI PRODUCT QUALITY--While improving the quality of products, the light, textile and electronics industries in Jiangxi have added 887 new varieties of products. A large number of advanced collectives and individuals have emerged. In 1979, 6 enterprises and 4 products in Jiangxi received rewards from the state for their fine quality, while 65 products were cited as fine quality products at the provincial level. The first "quality month" began in September 1978. Recently, the Jiangxi Economic Committee held a symposium to exchange experiences in the activities of the second "quality month." [Nanchang Jiangxi Provincial Service in Mandarin 1100 GMT 4 Nov 79 HK]

GUANGDONG INDUSTRY, COMMUNICATIONS CIRCULAR--The industry and communications political department of the Guangdong Provincial CCP Committee, the Guangdong Economic Committee and the Guangdong Provincial Federation of Trade Unions recently issued a joint circular, which demanded that the industry and communications system and the factories and enterprises throughout the province seriously study the important speech of Comrade Li Xiannian at the prize-giving ceremony of the national rally of model workers and the letter of proposal of advanced enterprises and labor models. The circular pointed out that it is necessary to learn from the four advanced enterprises and seven labor models in the province and try by every way possible to fulfill and overfulfill the state's plans for this year. [Guangzhou Guangdong Provincial Service in Mandarin 1130 GMT 4 Nov 79 HK]

HUBEI INDUSTRY, COMMUNICATIONS--From January to September, the people on the industrial front in Hubei fulfilled 78 percent of the year's production plans, registering an increase of 16.37 percent over the corresponding period last year. During the same period, industrial profits fulfilled 81.56 percent of the year's plans, showing an increase of 11.12 percent over the corresponding period of last year, in the communications and transport departments, transport and turnaround of freight and passengers in the third quarter exceeded those of the second quarter. From January to September, the profits earned by the light and textile industry throughout the province amounted to 91 percent of the year's plans, showing an increase of 66 percent over the corresponding period of last year. During this period, generation of electricity throughout the province also increased by 20 percent over the corresponding period of last year. [Wuhan Hubei Provincial Service in Mandarin 1100 GMT 4 Nov 79 HK]

SHAANXI INDUSTRY PRODUCT FORUM--The Shaanxi Economic Committee held a forum on the quality of industrial products throughout the province. Taking part in the forum were responsible comrades of the industry and communication departments from prefectures and municipalities and the 67 key enterprises throughout the province. The participants revealed that compared with the advanced level at home and abroad, the shortcomings in the province's quality of industrial products were very big. They pointed out that many enterprises up to now still have not seriously grasped efforts to improve the quality of products. Therefore, it is necessary to rise in greater vigor and arduously struggle, establish the system of quality management as soon as possible and strengthen the coordination and cooperation between enterprises. [Xian Shaanxi Provincial Service in Mandarin 1300 GMT 3 Nov 79 HK]

GUANGDONG ADVERTISING COMPANY--Guangzhou, Nov 13--An advertising company was recently set up in Guangdong Province, to cater to expanding foreign trade and tourism. The company will handle advertising for Chinese export commodities and that of foreign enterprises in newspapers and magazines, and on radio and television. The Zhujiang River banks and Liuhua Lake banks and other public places have been cleared of the slogans that once advocated the ultra-left line of Lin Biao and the gang of four. They are now decorated with billboards advertising both Chinese and foreign products. Shop windows and neon lights are also used for advertising in Guangdong. [Beijing XINHUA in English 0703 GMT 13 Nov 79 OW]

FUELS AND POWER

FIVE NATURAL GAS FIELDS ESTABLISHED IN SICHUAN PROVINCE

Hong Kong TA KUNG PAO in Chinese 31 Aug 79 p 3

[Text] Chengdu, 30 Aug--China News Service--Abounding in natural gas resources, Sichuan Province has now been built up as an important natural gas production base in our country.

In the past 30 years, remarkable progress has been made in the prospecting, exploitation and utilization of natural gas in Sichuan. Nowadays, from the three gorges on the Yangtze River to the Weiyuan mountainous area, from the foothills of the Daba Mountains to the banks of Chishui, towering gas well derricks are everywhere, gas production stations are dotted around like stars in the sky, and a network of gas pipelines crisscrosses the land to deliver natural gas from the depths of the earth in an incessant flow to several hundred factories and enterprises all over the province to serve as fuel and raw materials in steel smelting and power generation, and in manufacturing chemical fertilizers, carbon black, chemical fiber, plastics, and rubber and mechanical goods. At present, five large gas fields have been established in southern Sichuan, eastern Sichuan, southwestern Sichuan, northwestern Sichuan and central Sichuan. Recently, a petroleum prospecting command post was set up in northeastern Sichuan and new natural gas wells were struck, thus further extending the sphere of natural gas prospecting and exploitation in the province. All this has held out good prospects in accelerating the development of the natural gas industry in Sichuan.

The southern Sichuan field, with Luzhou as its center, has been developed into one of the largest natural gas fields in the province. Aside from supplying Luzhou Prefecture, the natural gas produced there is also moved to Chengdu, Chongqing and places within the provinces of Guizhou and Yunnan to serve as fuel and raw materials for the production of synthetic ammonia and urea in the four sets of 300,000-ton, large-scale chemical fertilizer installations introduced from abroad.

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FUELS AND POWER

BRIEFS

SHANDONG POWER DEPARTMENTS--In the first 10 months of this year, power departments throughout Shandong Province increased electricity output by 10 percent over the same period of last year, had generated an additional 1.26 billion kilowatt-hours of electricity, and had conserved some 125,500 tons of coal and 92 million kilowatt-hours of electricity. [Jinan Shandong Provincial Service in Mandarin 2300 GMT 13 Nov 79 SK]

RURAL POWER SUPPLY--Liaoning Province has started a project to improve its rural power supply network. By the end of September, maintenance and renovation work had been completed on 16,500 kilometers of power transmission lines. [Shenyang Liaoning Provincial Service in Mandarin 2200 GMT 25 Oct 79 SK]

HEBEI COAL INDUSTRY--The coal industry of Hebei Province is developing steadily. Figures calculated by 20 October showed that the province had produced an extra 920,000 tons of raw coal and 350,000 tons of dressed coal and had excavated an additional 8,000 meters. In addition, coal quality had been improved, consumption lowered and profits increased. [Shijiazhuang Hebei Provincial Service in Mandarin 2200 GMT 7 Nov 79]

HEBEI GENERATING UNIT--The second 200,000-kw power generating unit is being installed in Hebei Province. [Shijiazhuang Hebei Provincial Service in Mandarin 1100 GMT 20 Oct 79]

GUANGDONG ENERGY SAVING CONFERENCE--The Guangdong Economic Committee recently held a work conference in Nanhia County on conservation of energy throughout the province, demanding that factories and other enterprises extensively launch activities to conserve energy and resolutely fulfill this year's task of increasing production and practicing economy. According to incomplete statistics, the whole province in the first half of this year saved 105 million kilowatt-hours of electricity, 270,000 tons of coal and 7,000 tons of oil. Although definite results have been scored in conserving energy throughout the province, considerable problems still exist in the management and use of energy resources. Therefore, it is

necessary to properly manage and use energy resources while expanding their production. [Guangzhou Guangdong Provincial Service in Mandarin 1130 GMT 31 Oct 79 HK]

SICHUAN'S ELECTRIC POWER--From January to October, Sichuan's electric power system generated some 10,600,003,000 kilowatt hours, 87 percent of the year's plan and up 11.7 percent compared with the same period last year. It earned a profit of some 380 million yuan, 87.77 percent of the year's plan and up 10 percent compared with the same period last year. Despite increases in the prices of coal and natural gas, the costs per 1,000 kilowatts of electric power were 8.9 percent lower than the original plan. The system saved some 106,000 tons of standard coal, worth 3.34 million yuan, and some 140 million kilowatts of electric power, worth 3.79 million yuan. [Chengdu Sichuan Provincial Service in Mandarin 2310 GMT 10 Nov 79 HK]

YUNNAN METHANE CONFERENCE--The Yunnan Provincial Revolutionary Committee recently held a work conference on methane in Yuxi County. The participants discussed the important significance, principle and tasks of methane, summed up and exchanged the situation and experiences in using methane in Yunnan and made plans on methane work for the future. The use of methane in Yunnan began in the winter of 1972 in Qiaojia County. According to incomplete statistics by May 1979, 10,000 methane tanks had been built throughout Yunnan. Some 4,000 rural methane technicians have been trained. Running methane concerns the energy building, fertilizer, environmental protection and public health in the countryside and is an important part of realizing agricultural modernization. However, such an important issue currently has not aroused the proper attention of the leadership at all levels. This situation must be rapidly changed. It is also necessary to popularize the scientific and technological knowledge on methane and hold training class on methane technology. [Kunming Yunnan Provincial Service in Mandarin 1100 GMT 8 Nov 79 HK]

OIL IN SICHUAN--Chengdu, 22 Sep--China News Service--The Sichuan petroleum reconnaissance surveying and prospecting command post of the Ministry of Geology has tapped high-yielding oil and gas flows in the northern part of Sichuan Province. Staff and workers of the Sichuan petroleum reconnaissance surveying and prospecting command post have discovered through seismic reconnaissance in northern Sichuan a series of enclosed structures with good prospects of containing oil, and have carefully designed the first petroleum reconnaissance well at one of the structures. The well-drilling team of the No 11 reconnaissance surveying and prospecting brigade began drilling for the first time on 21 January this year, and on 25 May struck a steady high-yield well containing oil and gas of an industrial value. After continuous observation and testing, it was found that the pressure and yield of the oil well are basically stable. For over 4 months now, crude oil that is clear and lightweight has continued to gush out from the well. At the same time, it has produced a great quantity of natural gas. This has been a gratifying important achievement in petroleum reconnaissance surveying and prospecting work carried out in the Sichuan area for the past several years, and has opened up a new phase in developing new reserve oil and gas resources in the northern Sichuan base. [Text] [Hong Kong TA KUNG PAO in Chinese 23 Sep 79 p 3] 7682

XINJIANG POWER LINE--Urumqi, Nov 13--A 110,000-volt transmission line linking Hami and the Yamansu iron mine in the eastern part of the Xinjiang Uygur Autonomous Region has started delivering electricity. The 132 kilometre line crosses vast stretches of desert. Construction took a year and a half. The new transmission line will help raise output at the Yamansu iron mine and will also provide electricity for local people's communes and state farms. [Text] [Beijing XINHUA in English 0700 GMT 13 Nov 79 OW]

OIL, GAS FINDS--According to the China News Service, Wang Zhiwu [3/09 100/2976], chief geologist of the Daqing oil field, in a recently published article entitled "The Scent of Oil Is Wafted Throughout China," discloses that there are 17 provinces, municipalities and autonomous regions in the country, Taiwan Province included, which boast of oil and gas fields. In addition, industrial oil and gas flows have been found in seven other provinces, municipalities and autonomous regions. These oil and gas fields include the Daqing oil field, the Dagang oil field in Tianjin, the Shengli oil field in Shandong, and the Renqiu oil field in the central Hebei area. The article says that in 1978 the total oil production reached 104 million tons, and China ranked eighth among those countries in the world which produce upwards of 100 million tons of oil yearly. China is now capable of producing over 600 kinds of petroleum products, from high-grade aviation fuel to sundry chemical industrial goods for daily use. Since 1976, China has begun exporting crude oil and petroleum products to more than 40 countries and areas. [Text] [Hong Kong TA KUNG PAO in Chinese 12 Sep 79 p 1] 7682

CSO: 4006

MINERAL RESOURCES

MINERAL RESOURCES FOUND IN XINJIANG

Hong Kong TA KUNG PAO in Chinese 4 Oct 79 p 3

[Article: "Coal, Asbestos, Petroleum, Natural Gas and Rare Metals--108 Mineral Deposits Found in Xinjiang--Chinese Rare Earth Metal Company Established to Handle and Produce Various Products"]

[Text] China's geologists have found coal, asbestos, petroleum, natural gas and 108 kinds of rare metals. This proves that Xinjiang is extremely rich in mineral resources.

It has been found that various kinds of minerals are located in 3,100 places in the province. The quantities of 78 mineral deposits in 830 places are known. The more than 20 special research reports prepared by Chinese geologists on the phosphorus layer in the Bo-lo-hua-lo area and the geo-structural characteristics of Tianshan have received the attention of the scientists in the country and the autonomous region.

Fujian Province is actively developing tungsten resources in the San Minj area. The first 7 months of 1979, a total of 300 tons of black tungsten ore was produced, exceeding the annual production of 1978. The quality of the products was good. Most of them reached first grade, and some of them reached super grade.

Tungsten is an indispensable metal in modern industry. It withstands high temperature, erosion and wear. It also has a high degree of hardness. According to related departments, the quantity of known tungsten deposits in Fujian ranks 5th in the country.

A company specialized in handling and producing rare-earth metals, the Chinese Rare-Earth Metals Company, was recently established in Baotou.

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CSO: 4006

MINERAL RESOURCES

BRIEFS

JILIN MINERAL RESOURCES--As revealed by extensive mineral prospecting, Jilin Province now has 70 varieties of confirmed mineral resources as against 12 varieties before liberation. The mineral resources in this province include iron, nonferrous metals, precious metals, radioactive elements and non-metallic minerals. Recently, reserves of gypsum and zeolite were discovered in the province. [Changchun Jilin Provincial Service in Mandarin 1100 GMT 20 Oct 79 SK]

CSO: 4006

LIGHT INDUSTRY

BRIEFS

SHANDONG TEXTILE INDUSTRY--Shandong Province has made great strides in the textile industry during the past 30 years. Compared with 1949, the total textile output value in 1978 increased 6.6 times, an average annual increase of 7.5 percent. Among other textile products, cotton yarn, cotton cloth, knitwear, silk and silk products have increased from 3 to 20 times. At present, more than 230,000 staff members and workers are working in more than 320 textile industrial enterprises with over 40,000 weaving machines. This year, more than 30 textile products have been rated as good-quality products. [Jinan Shandong Provincial Service in Mandarin 2300 GMT 16 Oct 79 SK]

SHAANXI LIGHT, TEXTILE INDUSTRY--The Shaanxi Economic Committee and the Shaanxi Finance Bureau together with other units concerned have effectively supported the light and textile industry. The funds they have spent on tapping potentials, innovations and improvements in the light and textile industry this year have doubled that of last year. [Xian Shaanxi Provincial Service in Mandarin 1300 GMT 4 Nov 79 HK]

GUANGXI TEXTILE EXPANSION--Nanning, Nov 9--A cotton mill with 50,000 spindles and 1,120 looms went on stream recently in Nanning, capital of the Guangxi Zhuang Autonomous Region. Estimated annual output of the mill is 50,000 bales of cotton yarn and 30.2 million metres of cloth. The autonomous region, with a population of 30 million, has now three cotton mills of almost the same size as the new mill and 112 other textile mills which turn out silk, synthetic fibres and do printing and dyeing. They produce 140 products, 15 of which are exported. In the early 1950's, the autonomous region produced only handwoven fabrics and towels. With the assistance of the state, equipment was installed, raw materials procured and techniques taught. In the early 60's, Shanghai moved three textile mills into the region along with more than 1,000 technicians, skilled workers and cadres. Now the region has 30,000 textile workers of 12 minority nationalities. [Beijing XINHUA in English 0705 GMT 9 Nov 79 OW]

CAPITAL CONSTRUCTION

BRIEFS

SHENYANG CONSTRUCTION--Shenyang Municipality has constructed 246 residential buildings this year, covering a floor space of 671,000 square meters and accounting for 83.9 percent of the annual construction plan, an equivalent of constructing one building daily. Among these newly-built residential buildings, 169 are supplied with well-water and 188 with electricity. [Shenyang Liaoning Provincial Service in Mandarin 2200 GMT 16 Oct 79 SK]

GUANGZHOU HOUSING CONSTRUCTION--To quickly promote housing construction in urban districts, Guangzhou recently adopted a special measure which allows units which have land available for building to cooperate with the municipal housing construction office in building houses. According to the special measure, after the completion of a building project on such land, half of the newly built houses will be given to the municipal housing construction office and the other half to the unit which offers its land for building the houses. Over 38 units have now signed agreements with the office on building houses on their land, which have a total floor area of 194,652 square meters. [Guangzhou City Service in Mandarin 0430 GMT 30 Oct 79 HK]

CSO: 4006

DOMESTIC TRADE

BRIEFS

ANHUI PRICE INSPECTION--The Anhui Provincial Revolutionary Committee has set up a provincial price inspection group composed of cadres of the bureaus concerned and representatives of the provincial CPPCC committee, the provincial trade union council, the provincial women's federation and the provincial CYL committee. Findings of the preliminary inspection throughout the province show that unauthorized price hikes occur in all localities and strict punishments have been meted out. [Hefei Anhui Provincial Service in Mandarin 1100 GMT 17 Nov 79 OW]

SHANXI CAPITAL'S PRICE CONTROL--Taiyuan, 10 Nov--At a meeting held on 8 November, the Taiyuan Municipal Revolutionary Committee in Shanxi exercised economic and administrative sanctions against certain units and individuals found to have violated the price control policy during a general price inspection. Such an inspection was conducted from 1 September to early November, during which some 136,000 types of products and commodities were inspected. More than 2,300 violations, ranging from random pricing, unauthorized price hikes, and disguised price hikes to cheating in quantity supplied, were discovered. [Beijing XINHUA Domestic Service in Chinese 0257 GMT 10 Nov 79 OW]

JILIN PRICE SURVEY CONFERENCE--On 8 November, the Jilin Provincial CCP and Revolutionary Committees sponsored a conference participated in by responsible persons of provincial CPPCC committee, the trade union council, the CYL committee and the women's federation and responsible persons of the Changchun Municipal Revolutionary Committee. Participants studied the State Council's circular on price survey and worked out plans for provincial price survey work. The conference held that in conducting the price survey, arbitrary rises of prices should be corrected and units which carry out price policies successfully should be commended. [Changchun Jilin Provincial Service in Mandarin 2200 GMT 13 Nov 79 SK]

SHANGHAI PRICE-INSPECTION GROUP--A municipal price-inspection group was formed in Shanghai on 13 November. The group will begin checking on implementation of the price policy in all the districts of Shanghai after the increase of market prices of seven nonstaple food items. Taking part in the inspection will be the inspection group which is composed of CPPCC members and representatives of trade unions, CYL organizations and

women's federations together with concerned municipal and district departments, totaling nearly 2,000 people. Pei Xianbai, vice chairman of the Shanghai Municipal Revolutionary Committee, is in charge of the inspection group. Shanghai's commodity prices have already been checked a number of times before this. This time the emphasis will be placed on prices of nonstaple food items, restaurants, cigarettes and tea. At the same time, grain, textiles and furniture will also be checked. Illegal price hikes, low product and service quality and other illegal practices will be corrected. [Shanghai City Service in Mandarin 1130 GMT 13 Nov 79 OW]

ANHUI PRICE INSPECTION--A commodity price inspection group has been formed in Hefei Municipality, Anhui. The group is made up of representatives of the municipal party and revolutionary committees, the municipal CPPCC, the trade union, the CYL, the women's federation and other mass organizations. Led by Du Hongben, deputy secretary of the municipal party committee and vice chairman of the municipal revolutionary committee; Li Huanzhang, Standing Committee member of the municipal party committee and vice chairman of the municipal revolutionary committee; and (Wang Zhuzhi) and (Liu Bicheng), vice chairmen of the municipal CPPCC, the inspection group has visited various factories, stores and retail departments to inspect the prices of the major nonstaple foods following the recent adjustment of food prices. [Hefei Anhui Provincial Service in Mandarin 1100 GMT 9 Nov 79 OW]

SHANDONG PRICE SURVEY--A number of price survey groups formed by the Shandong Provincial Revolutionary Committee went to various municipalities and prefectures on 10 November to investigate market prices. Corrective action will be taken against unauthorized price rises or deliberately lowering of the quality of commodities or rendering poor services, constituting a price hike in disguised form. [Jinan Shandong Provincial Service in Mandarin 2300 GMT 10 Nov 79 SK]

XIZANG COMMODITY PRICE INSPECTION--On 13 November, the Standing Committee of the Xizang Autonomous Regional People's Congress decided to conduct a general inspection of commodity prices on markets throughout Xizang. The inspection will begin on 16 November and be conducted jointly by the regional people's congress standing committee, the regional CPPCC committee, PLA units stationed in Xizang, the regional trade union council, the regional CYL committee, the regional women's federation and regional price control departments. Since 1 November, the regional authorities have raised the prices of several nonstaple foods and subsidized the workers-consumers to compensate for the price hikes. However, some sellers are not selling their commodities according to the prices set by the government. They have raised prices without authorization. The price inspectors will check the purchasing price of agricultural and sideline products and the retail price of principal nonstaple foods, other commodities and service trades. Serious violators of price policy will be punished. [Lhasa Xizang Regional Service in Mandarin 1100 GMT 15 Nov 79 OW]

GUIYANG COMMODITY PRICE CIRCULAR--The Guiyang Municipal Finance and Trade Office issued a circular on 30 October calling on the departments and units concerned to pay attention to some units which do not implement the party's policy on commodity prices and which increase prices at will. The circular said that such management styles must be rectified. It is necessary to seriously implement the party's policy on commodity prices, mobilize the masses to launch a full inspection in connection with the actual situation in their own units and actively adopt measures to conduct rectification of the discovered problems. [Guiyang Guizhou Provincial Service in Mandarin 2315 GMT 3 Nov 79 HK]

GUANGDONG MARKET PRICES--The markets in Guangdong are stable and the sales situation is normal following the increase in prices of eight main subsidiary foodstuffs. Many sales departments have announced the actual prices before and after the readjustment. They have also listed the specifications of the commodities so as to give a clear picture to the masses. The prices of some vegetables have even been reduced. [Guangzhou Guangdong Provincial Service in Mandarin 1130 GMT 2 Nov 79 HK]

GUANGZHOU COMMODITY PRICES--To strictly observe discipline on commodity prices and prevent the selling prices of commodities from unscrupulous increases, the Guangzhou Municipal CCP and Revolutionary Committees organized an inspection group on commodity prices to inspect the implementation of commodity prices. The group is headed by Du Zhenxiang, secretary of the Guangzhou Municipal CCP Committee and vice chairman of the municipal revolutionary committee. The group is composed of 80 people and is divided into six branch groups. [Guangzhou City Service in Cantonese 0430 GMT 2 Nov 79 HK]

HUNAN MATERIAL SUPPLY CONFERENCE--The directors of the supply and marketing cooperatives in Hunan's prefectures, municipalities and counties recently held a conference on making arrangements in the markets in the countryside. It was pointed out at the conference that industry, commerce and supply and marketing departments must closely coordinate and produce more industrial products that are needed in the countryside. Regarding products that are needed both in the cities and countryside, it is necessary to abide by the principle of giving priority to the countryside. In accordance with the new changes in the purchasing ability in the countryside, it is necessary to organize the supply of high-class commodities including wrist watches, bicycles, sewing machines and transistor radios. The supply and marketing departments in the various areas must increase the sales of daily miscellaneous commodities and local products, and actively develop the catering and service trades in the countryside. [Changsha Hunan Provincial Service in Mandarin 1100 GMT 2 Nov 79 HK]

GUANGDONG SUPPLY AND MARKETING COMPANY--To promote the development of commune and brigade enterprises, the Guangdong Commune and Brigade Enterprises Supply and Marketing Company has recently been established. The main tasks of this company include organizing and coordinating with departments concerned to help communes and brigades with production, supply and marketing, organizing interflow of materials and cooperation between

commune and brigade enterprises and controlling the subsidiary materials allocated to commune and brigade enterprises by the Central Authorities and the province, the medium-size and small agricultural tools of commune and brigade enterprises and a portion of the materials necessary for processing and producing agricultural and sideline products. [Guangzhou Guangdong Provincial Service in Mandarin 2330 GMT 11 Nov 79 HK]

HAINAN COMMODITY PRICES--The departments concerned in Hainan have decided to inspect commodity prices from 7 to 15 November throughout the region, particularly the prices of goods essential to the daily life of the people. All units that have unscrupulously increased the prices without the approval of the bureaus in charge of commodity prices must reduce them to their original level. The emphasis in the current inspection is on prices of the main nonstaple foodstuffs, the catering trade, train, edible oil, cotton cloth and sugar, and charges for medical services, communications, repairs, sewing and hotels, and school fees. The inspection will also check on the accuracy of weights and measures. After the inspection, the units and individuals who have properly implemented the policy on commodity prices will be cited, while those units and individuals who have violated the policy and discipline will be criticized and educated. Those whose violations are serious and who refuse to correct them will be severely handled or suffer economic sanctions. [Haikou Hainan Island Service in Mandarin 0330 GMT 7 Nov 79 HK]

ARTWARE, SOUVENIRS EXHIBITION--Beijing, Oct 21--Laquerware, embroidery, ornaments, gold inlaid work, porcelain, toys and folk arts were among the 50,000 items on display in a national exhibition of artware and souvenirs for tourism held here from October 9 to 19. More than 1,200 representatives from arts and crafts enterprises, commercial and service departments attended the exhibition, which was sponsored by the art and handicrafts company under the Ministry of Light Industry. Contracts between the producing and marketing departments were made in order to keep pace with the rapid growth of tourism. Also present at the exhibition were groups of designers dispatched by ten research institutes of artistic handicrafts in Beijing, Shanghai, Guangdong, Shanxi and other places. [Text] [OW220617 Beijing XINHUA in English 0815 GMT 21 Oct 79 OW]

BEIJING COMMODITY SHORTAGES--Beijing, November 17--Two readers suggest ways of solving Beijing's furniture shortage in the "Proposals for speeding up Beijing's modernization column" in today's "Beijing Daily." Furniture shops estimate that Beijing needs 2.5 million pieces of furniture every year. The city turns out only 1.4 million pieces this year, a record level. The reasons for the furniture shortage are an insufficient supply of timber and the necessary capital to expand production. To overcome this, the writers propose wider use of artificial fibre board and rolled steel, mechanized production lines for furniture, and a greater role for smaller furniture producers and co-operatives made up of middle school graduates. One reader from the Beijing bureau of agriculture and forestry calls for efforts to ensure good vegetable seeds to raise vegetable output for the Chinese capital. He suggests the setting up of committees at city and county levels to exam vegetable seeds and the setting up of seed breeding centres. One reader from Changping County wrote that efforts should be encouraged to raise more donkeys, which are useful for transportation in the hilly rural areas of Beijing, which take up around 60 percent of the city's total area. [Text] [Beijing XINHUA in English 0712 GMT 17 Nov 79 OW]

FOREIGN TRADE

FRG RESEARCH MINISTER HAUFF REPORTS ON HIS VISIT

DW281110 Frankfurt HESSISCHER RUNDFUNK Network in German 1200 GMT
27 Nov 79 DW

[Excerpts from interview with Federal Minister for Research and Technology Volker Hauff by reporter Manns--recorded in Bonn]

[Text] [Question] To go by the news magazine DER SPIEGEL your visit to China took place under the guideline, as it were, that as soon as the research minister comes, the great engagement in the China business will follow. Assuming that this report is true, are you not exceeding your authority as research minister? Business is not your mission.

[Answer] What is written in SPIEGEL is exaggerated, one-sided, and in part also incomplete. The reason for my visit to China, and that had been coordinated with all other ministries, of course, was to sign five agreements containing the option of improving cooperation in the field of scientific research but also in the field of technical developments and their economic application. This applies to the sectors of energy, research, petroleum prospecting, raw-material and material research, but also the dressing of specific metals. We will intensify our cooperation in these fields in the future. What we did was draw up an interim balance sheet. We will continue our talks next year on projects that extend further when the joint Sino-German commission that has been set up under the government agreement will be meeting in Bonn.

[Question] But these five agreements were not all that you discussed. You also talked about business, nevertheless.

[Answer] No, we did not discuss business. What we discussed was the question whether the technical developments carried out between the two countries ought to be applied to a specific region as a key project. But to clarify the question whether this is possible will require a meeting of the experts. What I mean to say is we discussed the implementation of the mode of cooperation agreed upon to a specific regional key project. It was fully and clearly accepted in this connection that in this cooperation we proceed from the premise that it will be restricted to the civilian sector, meaning that no militarily relevant projects will be carried out and no militarily relevant technologies transferred. Secondly, it was

fully accepted that cooperation with the People's Republic of China is not directed against anybody nor does it prevent us from cooperating with other states in a similar way.

[Question] These talks presumably involved the enhancement of a large-scale energy and heavy-industry center about 2,000 kilometers away from Beijing. What are the German chances that all these cooperation agreements now concluded will be centrally applied in this region?

[Answer] Well, first of all, not all of them will be carried out there, and definitely not centrally. What matters is the establishment of certain key projects. Whether this is possible and to what extent was no point of discussion. What rather mattered was the question whether one should thoroughly determine which of these technologies can actually be applied in that particular area.

[Question] Viewed from the angle of the research minister, what can cooperation with China stand for? Is this a one-way street or is it a two-way traffic?

[Answer] There are fields indeed in which we cooperate on an equal footing, namely, the field of purely scientific development. Let me cite high-energy physics in this connection. But this is also true for important technical developments. Let me cite biogas technology in this connection; I saw as many as 100,000 biogas installations set up in one single province. This is a highly interesting technology which may well have a certain model character for the entire Third World.

[Question] Research and business--can the one be so clearly separated from the other?

[Answer] Quite definitely in the field of serial research. High-energy research does not have any direct economic relevance. This cannot be so clearly separated in other fields. It is our interest not only to cooperate in the technical field but also, when an economically relevant development emerges, to see that our industry has a fair chance to profit from this cooperation through corresponding deliveries and pertinent compensation deals wherever possible.

[Question] Can this form of cooperation that will be possible in the future be expressed in terms of money?

[Answer] I do not think that this could be done at this time with somewhat serious methods.

CSO: 3103

FOREIGN TRADE

BRIEFS

SHANGHAI EXPORTS--Shanghai, 11 Nov--Shanghai's knitwear, woolen and linen fabrics and silk industries have fulfilled this year's export plans a quarter ahead of schedule. Compared with the same period last year, export sales of knitwear in the first 10 months this year increased 55 percent; woolen and linen fabrics, 70 percent; and silk, 32 percent. [Beijing XINHUA Domestic Service in Chinese 0133 GMT 11 Nov 79 OW]

ZHEJIANG-JAPAN FISH TRADE--In February 1979 the Aquatic Department of Zhejiang Province and a Japanese firm signed an agreement on globefish trade. According to the agreement, the Chinese side provides three fishing boats, crews and fish processing equipment; the Japanese side provides fishing tackles, wenches and globefish fishing techniques and assigns some technical personnel to Zhoushan, Zhejiang, to teach globefish fishing techniques; and the Japanese side buys the hauls on compensatory terms. From 13 September to 19 September, two Zhejiang fishing boats caught 8,500 tons of globefish on the Yellow Sea fishing ground. The hauls are now stored in Zhenjaimen warehouse, awaiting shipment to Japan. [Hangzhou Zhejiang Provincial Service in Mandarin 0400 GMT 16 Oct 79 OW]

SICHUAN ADVANCED TECHNOLOGY IMPORTS--The banks in Sichuan have actively provided short-term foreign exchange loans to enterprises for importing advanced technology, equipment and raw material from abroad to transform the old enterprises and increase income from foreign exchange. This is in line with the instructions of Premier Zhou. The banks only provide loans to those whose profit level is high, not to those which do not meet the conditions for loans. Some 80 percent of the enterprises which receive loans belong to light and textile industries and the agricultural and sideline product processing industry. [Chengdu Sichuan Provincial Service in Mandarin 2310 GMT 5 Nov 79 HK]

NIGER HEAD OF STATE--Niamey, 6 Nov--Niger head of state Seyni Kountche inspected on November 4 the Tera reservoir project being built with Chinese aid in the company of Chinese Ambassador Wang Chuanbin, according to a report here. After being briefed by the head of the Chinese technicians team, Yang Qinghe, and general engineer Li Zhizhong on the progress of the project, Seyni Kountche told them that they had not only constructed the dam but

provided the Niger workers with the opportunity to learn technique. When he inspected the main work sites of the reservoir, he said water is very precious to Niger. The reservoir will bring water to the residents and animals all the year round. This is indeed very helpful. Niger Minister of Rural Development Brah Mamane and Prefect of Niamey Department Maigary Amballam were with Kountche during the inspection. [Text] [Beijing XINHUA in English 2100 GMT 6 Nov 79 OW]

PRC, SIERRA LEONE SUGAR--Freetown, November 4--Construction of a China-aided sugar-cane farm in Sierra Leone has progressed according to schedule since it officially started in October of 1977. The farm, the first of its kind in the country, will help greatly Sierra Leone reduce its sugar import when it is completed. Its key project, a 30-metre pump with a diameter of 15 metres, has been completed and will be put into operation shortly. Progress has also been made in opening up wasteland, experimental planting of canes and in the irrigation and road building projects of the farm. Technicians and workers of China and Sierra Leone have cooperated closely in advancing rational proposals, cutting down expenses, and combating insect pests. [Text] [OW050428 Beijing XINHUA in English 1259 GMT 4 Nov 79 OW]

INDIAN TRADE FAIR ATTENDED--Beijing, November 10 (XINHUA)--The first Indian international trade fair opened in New Delhi this morning, according to a report from that city. It was inaugurated by Indian President Neelam Sanjiva Reddy. In his speech, President Reddy said that this fair would promote trade and understanding between India and the rest of the world. Wang Yaoting, president of the China Council for Promotion of International Trade, attended the inauguration. He arrived in India on November 6, at the invitation of the Indian Merchants' Chamber. Chinese Ambassador to India Chen Zhaoyuan was also present on the occasion. Apart from India, 21 foreign countries including China, Romania, Yugoslavia, the U.S., Japan, Britain and the Soviet Union take part in the fair. [Text] [OW101947 Beijing XINHUA in English 1932 GMT 10 Nov 79 OW]

ECONOMIC-TRADE EXHIBITION IN LIBERIA--Monrovia, November 9 (XINHUA)--A Chinese economic and trade exhibition opened here this afternoon. The exhibition ground covers an area of 560 square metres and on display are over 1,500 exhibits including textiles, arts and handicrafts, canned food, machineries and petro-chemical products. John Sherman, minister of commerce, industry and transportation cut the ribbon for the exhibition on behalf of Liberian President William Tolbert. Speaking at the opening ceremony, he said that trade volume between the two countries has increased steadily. He praised China for placing great emphasis in relying on its own efforts and developing the national economy independently. Accompanied by Chinese Ambassador to Liberia Wang Rensan and head of the exhibition delegation, the Liberian guests examined all the exhibits with great interest. Liberia is one of China's important trade partners in West Africa. Trade between the two countries came to nearly 20 million U.S. dollars last year. This exhibition will help promote the development of economic and trade relations between the two countries. [Text] [OW100324 Beijing XINHUA in English 0256 GMT 10 Nov 79 OW]

JIANGSU FRIENDSHIP WITH AUSTRALIA--Nanjing, November 13 (XINHUA)--Jiangsu Province in East China has recently established official ties of friendship with the State of Victoria of the Commonwealth of Australia. It is expected that extensive cooperation and exchanges in the fields of industry, agriculture, trade, science and technology, culture and art, education and sports will take place between the two sides, building further on the long tradition of friendship between China and Australia. The establishment of the official ties of friendship was discussed in August this year, when a Victoria state government delegation led by the premier of Victoria visited Nanjing, and was confirmed after the premier and the chairman of the Jiangsu Provincial Revolutionary Committee exchanged letters. A friendship delegation from Jiangsu Province is to visit the State of Victoria at the invitation of the premier of Victoria. [Text] [OW131855 Beijing XINHUA in English 1841 GMT 13 Nov 79 OW]

CSO: 4006

TRANSPORTATION

PROGRESS IN RAILWAY CONSTRUCTION REPORTED

Hong Kong NANBEI JI in Chinese 16 Sep 79 pp 29-34

[Text] 1. Introduction

China is a large country with much mountainous terrain and the great difficulties this poses for traffic and communications is an obstacle to economic construction. In the past Chinese envoys to Tibet had to take a roundabout route through India. The shortest way from Nanjing to Xinjiang was through Siberia, over the Russian Turksib Railway and then by motorcar into Xinjiang. Absurd, but true! Imperialism took advantage of this weakness to seize Xinjiang and Tibet, while local warlords also took advantage to set up separatist regimes. For instance, the past warlord Sheng Shicai [4141 0013 2088] was despatched to Xinjiang from the Nanjing headquarters of the chief-of-staff. To assume his post he travelled via Siberia, but only a few years later he set up his own separatist regime in collusion with Russia, a regime which lasted for over 10 years. The political and religious affairs of Tibet were under British Indian tutelage for about 100 years, keeping Tibet in a state of semi-independence, and there was nothing the central government could do about it. This was very much the situation in all the remote border regions. The principal consequence of this lack of communication facilities was therefore a lack of central political control, which makes any constructive political development appear out of the question. Reference is often made to China's wealth in natural resources, but without communication facilities the resources cannot be exploited and transported. Prior to 1949, huge armies of millions of men were maintained by Nanjing and Beijing in the Central Plains. These brave men battled and fought, killing and devastating the land in a great show of might and power, but Russia held Xinjiang with only 5,000 men and Tibet was under the rule of 600 Indian policemen and all the brave good men of Nanjing and Beijing paid no heed. Without communication facilities, national defense is therefore out of the question. The reason why the Russians can now make a threatening show of their military strength at the borders of our Xinjiang and Manchuria is only their reliance on that one railway line, the Trans-Siberian Railway!

Railways are the most economical medium for overland transportation of bulk commodities, such as grain, minerals, coal, iron and industrial equipment.

The next would be shipment on inland waterways, next again highway transportation and the most costly is air transportation. Especially at this time of a worldwide energy crisis, large-scale transportation over long distances relies even more heavily on railways and inland waterways. Highways are useful in case of short distances or large open spaces. The purpose of the present article is merely to give a general description of the present state and the future of Chinese railway construction.

2. Pre-1949 Railways in China

The first railway in China was built in 1874 by the British as a kind of demonstration model. The Manchu government ordered it dismantled for the reason that it disturbed the geomantic influences. Later, various powers, such as Russia, Japan and Great Britain, built a number of railway lines in China for the only purpose of pilfering China's resources and dumping their goods on the Chinese. The Manchus and Chiang Kaishek built railways mainly to scoop up commissions; they had the foreigners participate by providing construction loans for which the railway concessions served as guarantee. Every line that was built, therefore, had its own history of blood and tears. Since the imperialist merchants built the railways purely to reap colossal profits, they built them only in the rich coastal areas. From 1877 to 1949, altogether somewhat over 21,000 km of railway lines were built (an average of 300 km per year). They were built of very poor quality and only 11,000 km of these lines were opened for normal traffic. For the starting points, terminals and routes of the main trunk lines, please refer to attached table 1.

3. Railway Construction After Establishment of the Chinese Communist Regime

After the Chinese communist regime was established in 1949, it first of all made every effort to restore the old railway lines, but active planning also got underway to build new lines. Locomotive plants were established at Dalian, Beijing and other places for the domestic production of locomotives and railway cars. The restoration of old lines was as arduous as laying new lines because the gauges of the various lines differed. Bridges and tunnels were in poor condition. There was only one bridge over the Yellow River built by the foreigners; all other crossings over the Yangtze and the Yellow River were effected by means of ferries, so that a line from an old poem was often jokingly quoted: "Mile upon mile of long river without a single bridge."

From 1950 to this year, 1979, China has built over 70 trunk and branch railway lines of over 30,000 km length, at an annual average of over 1,000 km. For all main and branch lines, their starting points, terminals and routes, please refer to the attached table 2. In view of the needs of the country, the construction of 1,000 km per year is a much too slow progress, but in view of the country's economic condition, the 1,000 km per year represents an extremely large investment.

As to the location of the railways, we mentioned earlier that the pre-1949 Chinese railways were short, of low quality and furthermore concentrated in the coastal areas. There were no railways in the heartland of the interior

or in border areas, such as Sichuan, Guizhou, Qinghai, Gansu, Xikang, Xinjiang, Tibet or Yunnan. The Longhai line went only as far as Baoji in Shannxi Province. The Zhe-Gan-Xiang-Gui [Zhejiang-Jiangxi-Hunan-Guangxi] line went only as far as Liuzhou. There were only two north-south trunk lines, the Peijing-Shanghai and the Beijing-Guangzhou lines. Both stopped at the natural barrier of the Yangtze as if cut in half and had no throughgoing traffic. At present all provinces, except Tibet, have railways, and the east-west lines furthermore all go deep into the heartlands of the interior. For instance, the Baotou-Lanzhou line now links the Beijing-Tianjin area Urumqi (Dihua) in Xinjiang. The Longhai line passes through northern Jiangsu Province and Gansu Province all the way to Xinjiang. The Shandong peninsula is linked through the Qingdao-Taian-Anyang line with the northwest and Sichuan, and the coastal areas of southern Jiangsu are linked, through Zhejiang, Jiangxi, Hunan and Guizhou, with Sichuan and again through Sichuan with the northwest. As soon as the Qinghai-Tibet line will be completed, there will be altogether six trunk lines, including the Wuhan-Chongqing line which was opened to traffic 2 years ago, running from the east--from Hangzhou in the south to Beijing and Tianjin--to the west, reaching the frontier regions of Xinjiang and Tibet. As to north-south trunk lines, there are, starting with the eastern ones from the Beijing-Tianjin area: the Beijing-Shanghai, Beijing-Gangzhou, Taiyuan-Liuzhou, Baoji-Kunming and the newly completed Xiangyang-Chongqing-Sichuan-Guizhou-Guizhou-Kunming line, thus there are also five parallel trunk lines available from the north directly to the south. All these main and branch lines which cross much mountainous terrain in all directions not only facilitate travelling by persons but also benefit the development of the economy, commodity exchanges, strengthening of national defense and the solidarity and cooperation between the various areas. For an outline of the railway network, please refer to the attached map.

4. Construction of Locomotives in China

Prior to 1950, all the locomotives on the mainland and on Taiwan were imported from abroad [sic]. From 1950 on, China established locomotive plants at Datong, Beijing, Dalian and Shanghai and began the domestic manufacture of locomotives. Due to the shortage of petroleum, all the locomotives built before 1965 were mainly coal-burning engines. From 1950 to 1965, China manufactured 8,000 coal-burning steam locomotives. Major shortcomings of steam locomotives is their limited horsepower and speed and the pollution of the air. With the successful development of the Daqing oilfield, China became self-sufficient in petroleum after 1965 and began the manufacture of diesel locomotives. Research and development was initially done by the Dalian Locomotive Plant which designated its two types "Dong Feng" [East Wind] and "Dong Feng Type 3," each with an engine of 2,000 hp. Although these engines were three or four times more powerful than the steam engines, they were still far inferior to foreign engines. A short time thereafter a "Dong Feng Type 4" was successfully developed with a 4,000 hp engine. It is said that these diesel locomotives are unique Chinese creations in their crankshaft technology and transmission section and superior to the products of other countries, thus above world standards. In addition to Dalian, diesel engines can now also be produced at Shanghai, Datong and Beijing and 2,000 engines have

in fact been manufactured at these places. Production figures are: 1977 293 engines; 1978 521 engines; and in the case of railroad cars: 1977 6,396 cars; 1978 16,950 cars. The figure for transported goods in 1978 was 533,300 million ton-km, and the actual amount of goods amounted to 1.7 billion tons. If we compare this with sea transportation (200 million tons in 1978), highway transportation (500 million tons in 1978) and air transportation (150,000 tons) we can truly realize the great importance of railway transportation.

As from 1976, the Beijing Locomotive Plant is successfully manufacturing a 6,000 hp engine which it has put into large-scale production. The production of diesel internal-combustion engines is being greatly expanded to replace steam locomotives. In future experimental manufacture of engines with 10,000 and 12,000 hp will be attempted to increase traction power and speed, and indirectly raise the transport capacity and effectivity of railway transportation.

5. Railway Electrification

Horsepower and speed are not altogether ideal in either steam or internal-combustion engines. The world trend is toward railway electrification. In Russia, for instance, 30 percent of its 90,000 miles of railway have already been electrified. In China in particular, where railway lines cross many mountainous regions, electrification would have great influence on traction and speed. With steam engines only 18 km/h can be achieved in mountainous regions and the load of one train must not exceed 950 tons. In 1969 electrification of the first railway in China was begun with the 668 km Baoji-Chengdu line, completed in 1975. The Beijing Locomotive Plant manufactured the very powerful "Shaoshan Type" electric locomotive which can pull a train of 2,400 tons with a maximum speed of over 50 km/h uphill. Downhill the slow momentum of the train impels power generation and together with the electromagnetic brakes allows the speed to reach 40 km/h. Because of the great pulling force and uniform speed the transport capacity of the Baoji-Chengdu railway has been a little more than doubled by electrification.

Apart from electrification of the Baoji-Chengdu railway, there is in China and Taiwan only one line, namely the Taipei-Gaoxiong line of 400 km, which has been completely electrified. Electrification is now in progress, and soon to be completed, on the following five lines: (1) Chengdu-Chungqing line of 505 km, (2) Shijiazhuang to Taiyuan, 235 km, (3) Beijing to Datong, 382 km, (4) Baoji to Tianshui, 158 km, (5) Xiangfan to Ankang, 362 km. As in the case of the Baoji-Chengdu line electrification, all planning, all equipment and other work is being performed or manufactured by Chinese engineering personnel in total self-sufficiency. The electrified railways will also use only automatic and computerized equipment manufactured in China. However, on Taiwan a British company has been contracted to plan and execute their railway electrification.

Of course China needs to electrify many more railway lines, but electrification is very costly, comparable to the construction of new lines. For example,

electrification of the 400 km railway line on Taiwan required an investment of NT 24.4 billion yuan, that is U.S. \$700 million. If only one-fifth of China's railways would be electrified, that is somewhat over 10,000 km, it would require an investment of U.S. \$17.5 billion; that can certainly not be done in a short time.

6. Work in Progress on Three Major Railway Lines

With respect to China's national defense and economy, the two poorest and weakest areas are Xinjiang and Tibet. In both regions rich natural resources have now been discovered, such as petroleum, geothermal energy; opencut copper mines exist in Tibet (the high-yield copper mine in the Changdu area is said to hold 6.2 million tons of copper) and there is the "super" petroleum field of the Tarim basin (the oilfield comprises an area larger than England). As to communication lines with Tibet, all we now have are somewhat over 17,000 km of highways that link Tibet with the four provinces of Xinjiang, Qinghai, Sichuan and Yunnan, with an extremely limited transport capacity. Without railways large-scale economic development is impossible. The need would be even greater in case of war, when highway and air transport facilities, we are afraid, would be insufficient to supply a force of several hundred thousands of troops in Tibet. As to Xinjiang, that is a sparsely populated huge area with rich natural resources. Only one highway and one railway line is at present maintaining communications between the Hexi corridor and China proper, while in the north Soviet Russia is eyeing this area covetously, ready at any moment to pounce on Xinjiang. According to a Reuters news item dated Tokyo 11 May 1979 (see attached illustration 8), the Soviet Russians are in the process of building a 3,542 km trunk line from Lake Baikal to Amur to be completed in 1983, as an acceleration of their strategic preparations for the invasion of China. This line will run parallel to the old Siberian railway at a distance of from 110 to 310 English miles from the Chinese border. The line is being laid for the only purpose of invading China.

In reacting to this situation, China is now rushing the construction of three railway lines into the Xinjiang-Tibet region:

(1) The Qinghai-Tibet Railway

With a length of 2,700 km from Xining in Qinghai Province to Lhasa in Tibet. The first stage from Xining to Golmud of 834 km is nearing completion. For the second stage from Golmud to Lhasa, the engineering work is beset with unthinkable difficulties because the line crosses the high plateau with its rarified air and extremes of cold. According to reports, over 1 million workers and support personnel are regularly on the job. When this engineering feat is completed, it will rank higher than the Great Wall in human history. After the Qinghai-Tibet line reaches Lhasa, it will also take care of the needs of the Yalitzangbu (Yarlung Zangbo) river valley. The eastern end will be extended to Linzhi and the western end to Xinfu to link up with the South Xinjiang railway.

(2) The South Xinjiang Railway

This line will start out from Tulupan [Turpan] on the Lanzhou-Xinjiang line and in its first stage of construction will reach Kashi [Kashgar] via Yanqi, Ku'erlo [Korla], Kuche [Kuqa], Akosu [Aksu], a distance of about 870 km. In its second stage, it will circle the Tarim basin and via Shache [Yarkand], Yecheng [Kargilik], Hetian [Hotan], Yutian [Keriya], Minfeng [Niya], Qiemo [Qarqan] reach Ku'erlo [Korla] with a length of about 1,200 km. The first stage of this work is now in progress. Once this work is completed, the rich resources of the Tarim basin--so often praised as a "treasure bowl"--will gradually be exploited. The line will also be extremely important for national defense. China should speedily complete the line regardless of costs.

(3) The Qinghai-Xinjiang Railway

This railway with a total length of 1,200 km will start out from Ku'erlo [Korla] on the South Xinjiang railway line and, passing through Youquanzi and Mangyai [Mangnai], will reach Golmud city in Qinghai. The Chinese Government first published plans for this line on 1 June 1979 and presumably work has already been started. This railway will constitute a second strategic defense line against a Soviet Russian invasion of Xinjiang. Once the line is completed, it will be an additional safeguard for communications between Xinjiang and China proper in case of war, just as the Soviets are now rushing to build the new Siberian railway for the same strategic reasons. This writer is hoping from the bottom of his heart that the Chinese Government will allocate manpower, material and financial resources in great abundance to speed up the work so that this engineering project, which is of such great importance for national defense, will be completed before 1985. As the common saying has is: "Preparedness prevents peril." When the enemy knows that we are prepared, war might possibly be avoided!

7. Manpower Question in China's Railway Construction

In China, the Ministry of Railways under the State Council in Beijing is in charge of all railway transportation throughout the country. Under the ministry there are over 10 survey and planning institutes, responsible for the surveying and planning of railway lines. China also has several railway engineering colleges to train technical personnel as railway engineers. It is also remarkable that the Chinese army has 41 railway engineering divisions for the particular task of building railways, a force which at full authorized strength would number 500,000 men. Using mechanized methods, they have constructed, or prepared for construction, over 30,000 km of railway lines during the period from 1950 to 1975, gaining rich experiences. We may justly call them "crack railway corps" and heroes of national construction. In this writer's opinion, bearing in mind China's great reliance on railways, the railway engineering corps should be greatly expanded. At least for the next 30 years, many railway lines will remain to be completed so that work is assured. Pay should be increased. Research, discovery and inventions should be encouraged. Anyone inventing or improving important technology with regard

to railway construction should be given a proportionate reward. Since railways are highly developed in Japan and Europe, qualified personnel should be selected and sent to Japan and Europe for scholarly interchanges and research, thus to learn from the experiences made in those countries.

8. Construction of Many New Railway Bridges

Not only mountainous regions, but rivers and streams are also abundant in China, to mention only the Yangtze and the Yellow River extending for several thousands of miles, passing through a great number of provinces and with innumerable tributaries along their way. In the past, railways and motorcars had to be ferried across rivers, which was an extremely costly and inconvenient method. In 1958 the first bridge across the Yangtze was completed at Wuhan, followed in 1965 by the first double-purpose bridge--for railways and motorcars--at Nanjing. [sic] The Nanjing bridge is a magnificent engineering feat, famed the world over. Recently, a third larger Yangtze bridge was completed on the trunk line of the Jiao-Ba line in Hubei Province near Yichang. Near Shanghai, by the way, a tunnel was dug underneath the Yangtze. Another Yangtze bridge was built at Chongqing but being of a smaller scale, it was little noticed. According to an announcement dated Beijing 1 June 1979, this year 11 railway bridges of modern type (using a new method of flexible bridge piers) have already been completed. Over the Yellow River there are already over 30 railway bridges. The ferrying of railways by boats will not be seen anymore in China. The Yangtze and the Yellow River are no more natural barriers separating the north from the south. It is a matter of pride that China was successful in building so creatively in complete self-reliance and in the face of the destructive boycott of foreign powers.

9. Investment in Chinese Railway Construction

In the 30 years since its establishment, our government has repaired and rebuilt over 20,000 km of old railways and built over 30,000 km of new railway lines. Among these, the new constructions in the northwest and southwest were particularly difficult. For instance, the Lanzhou-Xinjiang and the Turpan-Kashgar lines cross several hundred miles of desert and present extremely difficult engineering problems of stabilizing the sand and shielding against wind drifts. These problems increase the cost of such projects. Then again, on the 1010 km long Chengdu-Kunming line, 400 km are bridges and tunnels. The geological conditions this line had to overcome were extremely difficult. Those of us who saw the film "The Chengdu-Kunming Railway" were amazed at the grandiose engineering feat and the ability of the Chinese workers to overcome difficulties and endure hardships. All these lines in mountainous areas, such as the Xiangyang-Chongqing line, the Baoji-Chengdu line and the railways in Hunan and Guizhou, were extremely difficult to build. If we take foreign wages as standard, every kilometer could not be built below U.S. \$5 million. Thus, 30,000 km of railway lines could not be built for less than U.S. \$300 billion. But in this respect it is relevant that Chinese manpower is cheap and the Chinese willing to make sacrifices for their country; this is the socialist superiority of which the Chinese Government is newly so proud of.

If it were on Taiwan, there would be need to raise a foreign loan for 30,000 km of railway line, and capital and interest of the loan would reach astronomical figures. This writer believes the important thing in railway construction must be that all equipment is produced domestically and no foreigners are approached for help. In this case all funds spent will go to Chinese, increase job opportunities, and after the railway is built, it will enrich the local economies, stimulate industry and trade and the impact of these repeatedly circulating funds will result in greater prosperity for the Chinese due to the construction of railway lines.

10. Long-Range Prospects for Chinese Railway Construction

The United States has about 200,000 English miles of railways, which is six times the present Chinese railways but most are idle, only a mere 10 percent are in use. The reason is that the United States has a highly developed highway transportation network and a level topography. It has 3.3 million miles of highways with over 100 million motor vehicles, truly reaching every corner of the country. Using motorcars is indeed the most convenient way of transport, but with the oil crisis, motor fuel may become a problem. Russia has about 90,000 miles of railways which are the main medium of transportation. It has over 200,000 miles of highways and more than 10 million motor vehicles. A shortage of fuel makes itself felt already. The examples of the United States and Russia may serve as warnings for us not to follow in their footsteps and go all out in the development of small motor vehicles. In transportation, China should take the direction of relying on large railway trains, large motor vehicles and inland waterway transport. The use of small private cars must be restricted; the ideal thing would be to have even Hua Guofeng and Deng Xiaoping take the bus to work. For short-distance travelling China should have air-conditioned and heated buses or passenger motorcars. For long-distance travelling air-conditioned or heated railways should be used. A limited number of small cars should only be available as taxis and ambulances. In the countryside the use of bicycles and motorized tricycles for the transportation of people and goods should be encouraged. In the question of how many miles of railway are needed in China, were we to follow Sun Yatsen's industrialization plan, it would be 100,000 miles, i.e. 150,000 km. Even to build only 100,000 km would take China another 20 years or more, and future railway construction must not only be expanded in quantity but also improved in quality. If diesel engines of over 6,000 hp are developed to increase traction power and if every train could consist of 100 freight cars, one railway line could do the job of several lines. Present efforts should be directed toward replacing all 8,000 steam engines with diesel locomotives of high hp in the shortest possible time. Another objective in the development of Chinese railways should be to double-track lines with much goods traffic. This would increase transport capacity and efficiency as proven by the double-track Beijing-Shanghai line of 1,300 km and the Beijing-Guangzhou line of 2,300 km. Soon, the Longhai railway will probably also be double-tracked. Before double-tracking can be accomplished, lines should have automatic signal systems to control traffic. To some extent this would have a similar effect as double-tracking. At present one part of the Chinese railway system is already using automatic signal controls. In mountainous areas and

between populated cities, railway lines should be electrified, or double-tracked with electrification, as a method of increasing transport capacity and efficiency. As regards electrification, Chinese railways have gained quite some experience and already shown great achievements. Given sufficient time, this work must be greatly expanded. It is therefore these three items, the change to diesel locomotives, double-tracking and electrification, which point to the direction that future Chinese railway construction must take.

11. Conclusion

China's future overland transportation must place principal emphasis on railway and inland waterway transportation so as to economize on resources and reduce transport costs. Highway transportation must occupy a supplementary position. Based on the presently existing railway network, railway construction must be speeded up and expanded with great energy. Railway construction is to bring prosperity and strength to the state and happiness to the people. It is to make the enemy abandon his aggressive ambitions and will make the national defense as firm as rock.

References to the Present Article:

- (1) Hua Guofeng's Report on the Work of the Government, see BEIJING REVIEW No 27 (6 July 1979).
- (2) Huang Jianmin, "Railway Construction in New China." Published in the HUAQIAO RIBAO of 6-13 July 1979.
- (3) "Increased Russian Activity in Asia; Rushing New Railway Construction in Siberia," LIANHE BAO, Taipei, Taiwan, 12 May 1979.
- (4) RENMIN HUABAO, Beijing, May 1979
- (5) Material collected by the author personally during his visit to Mainland China in 1978.
- (6) Figures concerning American and Russian railways and highways are quoted from the 1979 edition of the Encyclopaedia Britannica.

Table 1: Main Trunk Lines and Lengths of Chinese Railways 1874-1949

<u>Name of Line</u>	<u>Starting and Terminal Places</u>	<u>Length (km)</u>
Jingshen	Beijing--Shenyang	850
Haman	Ha'erbin - Manzhouli	930
Shendan	Shenyang - Dandong	277
Jiangguang	Beijing - Guangdong	2,300
Jinghu	Beijing - Shanghai	1,500
Jingbao	Beijing - Baotou	800
Longhai	Tianshui - Lianyungang	1,387
Zhegan	Hangzhou - Zhuzhou	900
Xianggui	Hengyang - Youyiguan	1,000
Jiaoji	Jinan - Qingdao	392
Hada	Ha'erbin - Dalian	930
Jingzhang	Beijing - Zhangjiakou	200

Table 2: Names and Lengths of New Chinese Railway Lines 1950-1979

<u>Name of Line</u>	<u>Starting and Terminal Places</u>	<u>Length (km)</u>
Jiwu	Jining - Ulan Bator	1,100
Lailing	Laibin - Youyiguan	420
Tianlan	Tianshui - Lanzhou	347
Chengyu	Chengdu - Chongqing	505
Lizhan	Litang - Zhanjiang	314
Taijiao	Taiyuan - Jiaozuo	300
Yingxia	Yingtian - Xiamen	700
Baocheng	Baoji - Chengdu	668
Baolan	Baotou - Lanzhou	1,000
Nanfu	Nanping - Fuzhou	192
Waifu	Waiyang - Fuzhou	200
Qiangui	Guiyang - Liuzhou	600
Lanxin	Lanzhou - Urumqi	1,315
Lanqing	Lanzhou - Xining	1,400
Wuyu	Wuhan - Chongqing	1,340
Guikun	Guiyang - Kunming	643
Shanshan	Shaoshan - Xiangtan	125
Suifu	Suixi - Fuyang	140
Chengkun	Chengdu - Kunming	1,085
Xiangqian	Zhuzhou - Guiyang	700
Chuanqian	Chongqing - Guiyang	480
Kunhe	Kunming - Hekou	465
Jiaozhi	Jiaozuo - Zhicheng	800
Jinghu fuxian	Tianjin - Pukou	1,300
Jingguang fuxian	Beijing - Guangzhou	2,300
Yang'an	Yangpingguan - Ankang	400
Zhiliu	Zhicheng - Liuzhou	800

(continued)

Kunchu	Kunming - Chuxiong	150
Jingtai	Jingyuan - Taian	1,500
Katu	Kashgar - Turpan	870
(still under construction)		
Nenlin	Qiqiha'er - Waixing'anling	1,200
Xige	Xining - Golmud	834
(will be completed in the near future)		
Yidang	Yichang - Dangyang	150
Tongluan	Tongxian - Luanxian	200
Xianggan Jinggang	Xianggan line - Jinggangshan	200
Guile	Guixi - Leping	150
Zhanglong	Zhangping - Longyan	150
Kaixi	Kaiyuan - Xifeng	150
Tongtai	Tongliao - Taipingchuan	250
Tonglong	Tonghua - Longxian	500
Tonggu	Tongzhou - Fangzhi	Unknown
Changtong	Changping - Tongliao	Unknown
Hangmei	Hangzhou - Meishan	140
Mengbao	Mengmiao - Baofeng	100
Ligu	Liyuan - Gudui	50
Xianhan	Xianyang - Hancheng	300
Guangbai	Guangyuan - Baishui	50
Guyao	Gulian - Yaoxian	50
Lianmao	Liankou - Maomingshi	75
Huangyu	Huangliu - Yulin	150
Dongchang	Dongfang - Changjiang	50
Wuhuang	Wuhan - Huangshi	200
Houyi	Houma - Yicheng	50
Tanghe	Tangyin - Hebi	50
Anli	Anyang - Lizhen	50
Yanji	Yanzhou - Jining	50
Cilai	Ciyao - Laihu	150
Changzhang	Zhanglou - Changfeng	75
Hanji	Hangou - Jixian	100
Xuanpang	Xuanhua - Pangjiabao	50
Xinxian	Xinfang - Xianyuan	200
Deyu	Dezhou - Yuzi	350
Hanpeng	Handan - Pengcheng	75
Baobai	Baotou - Baiyunebo	150
Haiji	Haibowan - Jilantai	100
Guo'er	Guo'erbao - Cha'erno'er	50
Jianchi	Jianping - Chifengshi	120
Jianjin	Jiande - Jinhua	75
Xiangjiu	Xiangtang - Jiujiang	180
Nelyi	Neijiang - Yibin	100

(continued)

Qingguan	Qingbaijiang - Guanxian	75
Guangmu	Guanghan - Muguaping	75
Mengshi	Mengzi - Shibing	100
Suhua	Taiwan Su'ao - Hualian	115
(Under construction but soon to be completed)		

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TRANSPORTATION

STRATEGIC VALUE OF NORTHWEST RAILWAY NETWORK OUTLINED

Hong Kong NANBEI JI in Chinese 16 Sep 79 pp 37-41

[Article by Lu Taisheng [7120 0669 3932] "Strategic Value of the Chinese Railway Network in the Northwest"]

[Text] Soviet Russia's Desire to Seize Xinjiang and Manchuria

To prepare for its aggression against China, tsarist Russia built the Trans-Siberian railway trunk line, a gigantic engineering project (see map 1) [not reproduced] and later extended numerous branch lines to the Chinese border or deep into Chinese territory (as e.g. the Chinese Eastern Railway) (see map 2) [not reproduced], to serve as blood-sucking channels through which to plunder and loot China's natural resources.¹ When the German army besieged Leningrad during World War II, Soviet Russia was too occupied in Europe to attend to matters in the east and finally sold the Chinese Eastern Railway and all land appertaining to it--all this located on the Chinese territory of Manchuria--to Japan for several tens of millions of U.S. dollars. At the end of World War II, these shameless Russians were brazen enough to stage a comeback, coercing Chiang Kaishek by force of arms to yield them again possession of the railway. A similar event took place in China's Xinjiang Province. Before the war, Russia had presumptuously moved its troops into Xinjiang without permission from the Chinese Government and had stolen and exploited the oilfields at Dushanzi and Kelamayi [Karamai]. When the German army bore down on Russia and its situation became desperate, the Soviet troops withdrew from Xinjiang to fight in Russia. Bereft of his backing, the Xinjiang warlord Sheng Shicai had no alternative but to declare his allegiance to the Chinese Central Government. At that time the Soviets shipped all the machinery from the Karamai oilfield back to Russia, or destroyed it, then they forced Chiang Kaishek to pay them U.S. \$3.5 million to buy back the abandoned oilfield. A bare 3 years later the German army had been defeated and the Russian bandits returned to Xinjiang and again seized the Karamai oilfield in Xinjiang as well as several metal mines. They not only forcibly occupied railways and mines but also forced Chiang Kaishek to sign a formal document transferring all mining rights in Xinjiang to Russia. When the Chinese communists captured Nanjing in 1949, the foreign embassies stationed in Nanjing, including the U.S. embassy, closed down awaiting further developments. However, the Russian Embassy in Nanjing, as the only one, decided to

follow the KMT government in its retreat to Guangzhou. The sole purpose of the Soviet Russians in trailing behind the Chiang Kaishek government was to have the KMT sign formal documents assigning to Russia the right to all railways and mines in Xinjiang and to station its troops there, so that Soviet Russia would have documented rights with which to confront the new communist regime, thus becomes again revealed the mean and shameless character of the Russians and their sinister and ruthless actions. The KMT government found the Soviet Russian coercion and cajoling beyond endurance. The foreign minister in office at that time made all these facts known to the world by publishing, in 1949, a "White Book on Relations with the Soviet Union." Only a limited number of copies of the White Book were printed and few had a chance to read it before it went out of print. When war broke out between China and Vietnam at the beginning of this year and the KMT government on Taiwan agreed with the stand taken by Vietnam and Russia, there was a senator by the name of Hu Qiuyuan who reminded the KMT regime not to forget the disgrace of Soviet Russia's oppression and insults, Hu restating the Russian rape of Xinjiang after the war and the matter of the Foreign Ministry's White Book (for details see ZHONGHUA ZAZHI, Taipei, No 188 (March 1969): "No Future Illusions About Soviet Russia.")²

2. Soviet Russia Actively Prepares War of Aggression Against China

A Chinese proverb says: "Rivers and mountains might change rather than a man's true character." Soviet Russia as a state inherited the aggressive character of Russia's Tsar Peter the Great; it is today even more intensely bent on plundering and tyrannizing in all corners of the world and on creating chaos and insecurity. About 100 years before World War II, it invaded and forcibly seized from China one half of Siberia. After World War II, it again annexed our Outer Mongolia, but still not yet satisfied also desperately covets our Xinjiang and Manchuria. When the Chinese communist government was established in 1949, Soviet Russia proclaimed "Sino-Soviet Friendship" to secure for itself more advantages by force or trickery, exactly in the same manner as it had done at the time of the Manchus and the KMT. The situation became unbearable and the Chinese communist regime finally, in 1960, broke with this un-"friendly nation." In the subsequent 10 or more years, Soviet Russia mobilized a huge army and deployed it along the more than 4,500 km of Sino-Soviet border. Over 600 nuclear missiles are aimed at China as a military intimidation of China. In the 1960s, the Russians furthermore started to build a new trunk line in Siberia (see map 2) of over 3,500 km to meet the needs of its war preparations. In April 1979, the Soviet Russian ring-leader Brezhnev personally went all the way into that world of snow and ice, Siberia, to inspect the new railway trunk line. According to most recent reports,³ 1,700 km of this strategic trunk line are in place and it is planned to have it fully completed and open for traffic in 1983.

Obviously, delaying the assault on China while keeping a huge Soviet Russian army of hundreds of thousands of men deployed along the Sino-Soviet border has its main reason in the fact that the Siberian railway is too close to the Chinese border. At least 1,000 km of the entire line are only several km or

up to 30 km from the Chinese border. If in case of war a Chinese counter-attack interrupts this line, the hundreds of thousands of Russian troops in the east would starve to death. In view of the large territory and wealth of Manchuria, its population of 120 million people and its dense highway and railway network, assuring supplies on the Chinese side would be an easy matter, and once a million men of the People's Liberation Army cross the Heilongjiang River, the recovery of our lost territory would be "as easy as turning one's hand over." This would also be an opportunity for our compatriots in Outer Mongolia to rise in righteous rebellion, take their revenge and gain their freedom. Out of this fear, the Soviet Russians are building the new trunk line without regard of the huge cost of billions of dollars. The line will be 150 to 450 km away from the Chinese border. Western observers therefore predict that 1983, when the new Russian railway will be completed, will be the time when Soviet Russian armies will attack China.

In the Heilongjiang area China has the advantage of a favorable topography and superiority of numbers of men, but in the Xinjiang and North Tibet area the situation is the complete reverse. In China's Xinjiang and Tibet, a sparse population is spread over a large territory. Mineral resources are plentiful but communication facilities are very poor. In the entire region there is only one railway, the Lanzhou-Xinjiang Railway, which crosses the narrow Hexi corridor, which can easily be cut by the Russian troops stationed in Outer Mongolia. The highways built through mountainous terrain have an extremely limited transport capacity and in case of war the transport of provisions and ammunitions would experience great difficulties. It is generally assumed that after 1983 the Russians will start their invasion of China by an attack on Xinjiang. On Russian territory adjacent to Xinjiang, there is a close network of railways and highways in all directions. Besides, this area is close to Russia's Central Asian heartland, which is a favorable factor in providing military as well as civilian needs. An invasion of China at this point could easily be successful. The war would take the form of a simulated attack, or defensive posture, by the Russians in the Heilongjiang area, while they will press their main attack against Xinjiang and North Tibet.

3. China Building Railway Network in the Northwest

Since the times of Zuo Zongtang and Lin Zexu toward the end of the Manchu era, China has always been aware of the geographical significance of the northwest, and slogans like "Colonize the Northwest," "Open Up the Northwest" have continuously been sounded off, but many were the shouters while few did something about it. On having subjugated the warlord and traitor Sheng Shacai, Chiang Kaishek sent a delegation of 18 men, including Jiang Jingguo, to Xinjiang to "investigate," but after this group of bureaucrats had dined and wine for a while in Xinjiang, they did not do a scratch back in Chongqing, the main reasons being that the government had no funds for economic development, that living conditions in the border area were poor and that it was considered dangerous territory.

In 1949, as soon as it was established, and despite greatest economic stringency, the new government built the Baoji-Lanzhou and the Lanzhou-Xinjiang railways with a total length of 2,315 km, to link Xinjiang with China Proper and with the coastal regions. In addition, the government built over 300,000 km of highways in Xinjiang, Gansu, Qinghai and Tibet and initiated industries in that area. It is said that there are one million men of the production and construction corps stationed in Xinjiang on a permanent basis, engaged in industrial construction and production work,⁴ as well as 500,000 men of the regular army.⁵ In Tibet there are also 100,000 men of the production and construction corps and 150,000 men of the regular army.⁶ Possibly due to economic and technical reasons, the Chinese Government has been slow in completing the construction of its railway network in the northwest, a region which is extremely important for China's national defense and economy. Only very recently did the Chinese Government announce completion of the first stage in constructing the Qinghai-Tibet and the South Xinjiang railways (see map 2). The second stage is now under construction and plans for the third and fourth stage are being drawn up. Completion of the entire project, it is feared, will take at least 10 years. To elucidate the situation I have drawn up the following table of railway construction plans:

		Qinghai-Tibet Tibet-Xinjiang	South Xinjiang	Qinghai- Xinjiang
First	Starts- Ends	Xining-Golmud	Tupan-Korla	Golmud-Korla
Stage	km	(completed) 834.5	(completed) 474	1,200
Second	Starts- Ends	Golmud-Lhasa	Korla-Kashi	
Stage	km	1,900	870	
Third	Starts- Ends	Linzhi-Lhasa	Kashi-Ruojiang	
Stage	km	300	1,200	
Fourth	Starts- Ends	Lhasa-Hotan		
Stage	km	1,500		
	Total km	4,534.5	2,440	1,200

Remarks: Apart from the first stage, which is recorded here as per Chinese Government announcement, the lengths of railway lines have been calculated according to maps published in China.

4. Economic Value of the Northwest Railway Network

Xinjiang and Tibet cover about 2.9 million square km, which is 30 percent of the whole of China. The population of both areas combined is not over 10 million, which means below four persons per square km, truly a sparsely populated huge territory, while China as a whole with almost 1 billion people suffers serious population pressure. Several scientific studies during the last 20 years have proven that both areas are rich in underground natural resources. The ground itself provides over 200 million hectares (3 billion mu) of pasture and forest land, excellently suited for the development of cattle raising and forestry. It is like a godsend gift for China, which is so short of land and overpopulated, besides, both areas, Xinjiang and Tibet, are rich in natural resources. For instance, the Tarim Basin, covering 800,000 square km, about 25 times the size of Taiwan and occupying half of Xinjiang, has a huge known and assessed underground petroleum deposit said to exceed that of Saudi Arabia. In addition, there is much agricultural and pasture land in the Altai mountains and the Dzungaria Basin, which are also rich in mineral resources. Once fully developed these two areas could accommodate a population of over 100 million. With petroleum as raw material, a petroleum and synthetic fertilizer industry could be built up which could export worldwide. However, as a precondition for all economic development, there must be first of all a communications network, electric power, capital funds, equipment, etc. Without these, economic development is out of question. Only after the northwest railway network is completed, can funds and equipment freely flow into the area and its products shipped out for sale, and the development work itself can provide the locality with a great variety of job opportunities. In the past, the people of the border areas lived lives full of hardships and difficulties for the very reason that the area's economy had not been developed. If a great variety of industries will flourish, provide good jobs, good incomes and an improved livelihood for everybody, the imperialists will have lost all opportunity to create unrest in the border regions.

5. The National Defense Value of the Northwest Railway Network

In the past, Great Britain and Russia used their superior military strength, well realizing the weaknesses of Xinjiang and Tibet, the sparse population of huge territory and poor communication facilities, to stir up continuous unrest and to later move in and control both areas. Chinese officials sent to Xinjiang had to take a roundabout route via Siberia. Many barriers and customs stations were set up between Xinjiang and China Proper with heavy military guards as if it were the border of a hostile country, but the borders between Xinjiang and Russia were all under Russian control and at that border there were no Chinese border defenses to speak of, so that the border defense line between China and Russia seems to have been moved to the Xinjiang-Gansu border. That was the condition up to 1943. During 1943 to 1945, Russia was preoccupied with the war with Germany and there was peace and quite in Xinjiang. Once the Germans had been defeated, the Russian bandits returned en masse. They manipulated the minorities to stir up political trouble, a small rebellion every 3 days, a big rebellion every 5 days, getting the whole of Xinjiang into a state as if "heaven and earth had been turned upside down."

In all this, Russia effortlessly profited from other people's fighting and maintained firm control of Xinjiang. The British imperialists played similar tricks in Tibet and controlled all of Tibet, echoing from afar what the Russian imperialists were doing. The fact that China could stabilize the situation in Xinjiang and Tibet after 1950 was completely due the development of communications and industry, but since communication facilities were very limited, the scale and speed of economic development was fearfully slow and small. Once the railway network in the northwest is completely built up, large amounts of funds and industrial equipment will flow in, creating many job opportunities, just like we see it in today's Manchuria. Then the slogan "Immigrants to consolidate the Border Regions" will indeed become a reality, otherwise this slogan will merely remain empty talk. Military defense of the northwest also relies on industrial and agricultural construction and large-scale production. Only thus can a large military force be maintained, otherwise even the people's daily food and necessities can not be guaranteed; how much less can the area provide for the large military needs in case of war.

6. Our Suggestions for the Construction of the Northwest Railway Network

In view of the daily growing desire of Soviet Russia to seize our Xinjiang and the pressing danger of the situation, the pace of our development of Xinjiang must be speeded up. If the entire northwest railway network of more than 7,000 km, at U.S. \$5 million per km, would require an investment of U.S. \$35 billion and would require more than 3 or 5 years to complete, a selection should be made of the more important lines and these completed first in preference of the others. In our opinion the situation in Xinjiang is much more pressing than in Tibet. We therefore suggest for preferential and simultaneous completion the Qinghai-Xinjiang line, 1,200 km from Golmud to Korla, and the 870 km Korla-Kashi section of the South Xinjiang Railway. The 21 divisions of the Chinese army engineering corps--some say there are as many as 41 divisions--should be assigned, either at one half or to two-thirds, to work on these two trunk lines. The second stage of the Qinghai-Tibet line could be temporarily suspended, if work force is insufficient, in order to concentrate all material and manpower on building the South Xinjiang line and the Qinghai-Xinjiang line. If energy and funds can be spared, they should be expended on the second stage of the Qinghai-Tibet line. China has the capability of building 1,000 km of railway per year. If half or two-thirds of this capacity is concentrated on the mentioned two lines, the Qinghai-Xinjiang line and the second stage of the South Xinjiang line (together 2,070 km) could be expected to be completed before 1985. This would coincide with the Russian completion of their new Siberian trunk line, and would strengthen many times over China's defensive strength against Russia in the northwest. Russia may then shrink back in the face of the obstacles in its path and war would possibly be avoided. After 1985, all capacities could be concentrated again on building the strategic railroads between Xinjiang and Tibet and between Qinghai and Tibet.

7. Our Views on a Speedy Development of the Northwest and Tibet

The Chinese territory of Tibet and the northwest has in the past been populated by national minorities. Because of the insufficient communication

facilities, they were very much estranged from the people of China proper. The imperialists often fomented discord so that frequently unrest erupted in the border regions. Although the situation improved in the northwest after 1951, there still occurred the exodus of the Dalai Lama in 1959 with over 100,000 of our Tibetan compatriots. Within the last 30 years the population of China proper increased almost 100 percent, but in Tibet and Xinjiang only by 25 percent. The present population of Tibet is about 1.3 million and of Xinjiang only 7.5 million.⁷ This goes to show that the "Consolidation of the Border Regions by Immigration" has not been very effective. The development of the northwest affects China's national defense as well as the very existence of our state. How can the political leaders of our country treat this question lightly? From my bookish viewpoint I wish to submit a few facts about the development of the northwest to the notice of the responsible authorities:

(1) Thorough improvement in the livelihood of the people in the border regions: The peasants in China's northwest are mainly livestock farmers. The system of their operations must be improved so that the herdsmen will be interested in increasing production. Within certain limits, the herdsmen should be allowed a certain number of private animals and even some private pasture to raise their enthusiasm for production, in a similar way as the private plots allowed to farmers in China Proper. The government should energetically support veterinary service and scientific research into animal husbandry.

(2) Mixed marriages between Han people and national minorities should be encouraged: This would eliminate mutual feelings of estrangement. Means of encouragement could be monetary or preferential allotment of housing or material rewards, etc.

(3) Increase schools, popularize education, trustingly promote national minority cadres to positions of importance: In Tibet, Qinghai and Xinjiang there are at present no good schools to provide education for the youths. The "consolidation of the border regions" should start with education. This writer suggests that in each of the three areas a medical college and an agricultural university. At Golmud in Qinghai Province, a railway engineering university or institute should be established, specializing in high mountain railway engineering. Youths from China Proper should be accepted for study, and later employment in the border regions and the disparity in the educational levels between the border regions and China proper should be reduced.

(4) Make use of local resources, local development of industry and trade, reduce burden on communications and transport: If cement were manufactured in Qinghai, Tibet and Xinjiang wherever lime and coal is produced, and used for local requirements, it would reduce the need to ship in cement from China proper. As another example, if wool were processed locally into woollen clothing or thread, it would save shipping wool to China proper and thus reduce production costs. Other mineral products and petroleum could be locally extracted and purified. In this way many job opportunities would be created locally and many youths, either from China proper or from among qualified

national minorities, could be employed on an equal basis. The proper conditions would then be provided for employment purely on the basis of qualifications and for "consolidation of the border regions by immigration."

(5) The government must encourage and not hinder qualified national minorities if they want to go to China proper for education and employment: Under the present system study and employment is directed by the government, and this places great limitations on the interflow of people between the border regions and China proper. It also increases regionalism and adversely affects the solidarity among all nationalities of the country. All personnel, be they in government organizations, military men or cadres in enterprises, should regularly be rotated with those in similar organizations or enterprises in China proper. For instance, the position of director of the Lhasa Cement Plant can of course be filled by a Tibetan compatriot. If he is capable and performs outstandingly, he may be transferred to China proper as director of an even larger cement plant. Leadership personnel from among the minority nationals must be earnestly trained, even if not given preferential treatment, they must at least have the same opportunities for promotions and transfers as personnel in China proper. If there is disparity in treatment, the national minorities should receive the more favorable treatment.

(8) Summary

The northwest and Tibet not only affect China's economic development but also the very existence of the entire nation. The development of the resources of Tibet and the northwest must start out with the development of communications. The construction of the northwest railway network is the key to the development of communications. It is our hope that the Chinese Government, in view of the international situation, will be ready with its preparations before the enemy strikes. That is what is called: "To control an enemy take anticipatory action."

FOOTNOTES

1. On the misdeed of Russia in China read Chiang Kaishek's "Soviet Russia in China" and Jiang Jingguo's "Tranquility Amidst Storms."
2. Ministry of Foreign Affairs of the Republic of China "White Book on Relations with Soviet Russia."
3. See "Soviet Russia in Siberia, Building a New Railway" in the Taipei LIANHEBAO of 15 March 78, and "Increased Russian Activity in Asia; Rushing a New Railway Trunk Line in Siberia," in the same newspaper of 12 May 1979.
4. "West German Military Expert Discusses Chinese Army" translated by Yi Haishu, BEIMEI RIBAO, 2 August 1979.
5. See: U.S. Air Force: Military Balance, 1978. March, 1978.

6. See: "Tibetans Find Life Better After 20 Years of Hall [sic] Control by Peking," NEW YORK TIMES, 20 July 1979.
7. For population figures for Xinjiang and Tibet see "Atlas of the People's Republic of China by Provinces," Beijing, Ditu Chubanshe, 1974.

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TRANSPORTATION

BRIEFS

QINGHAI AIRPORT TERMINAL--Xining, Nov 11 (XINHUA)--A new airport terminal building which can accommodate about 300 passengers has been completed and put into service at Golmud, Qinghai Province. It is a stop on the Xi'an-Lhasa air route. Golmud, a new town on the edge of the Qaidam Basin, is the junction of the Qinghai-Tibet and Qinghai-Xinjiang highways. It is also the terminus of the Xining-Golmud railway completed earlier this year. As its importance as a traffic and industrial centre has grown, the population has risen from about 1,000 in the early 1950's to 110,000 at present. [Text] [OW130649 Beijing XINHUA in English 0709 GMT 11 Nov 79 OW]

TIANJIN RAILWAY--Taiyuan, November 17--Tracklaying has been completed for a 40-kilometre railway section running west from Taiyuan, a new iron and steel centre in North China's Shanxi Province, to Gujiao, a mining area at present under construction. The section is part of 110-kilometre-long new railway that runs west from Taiyuan through mountains to an area rich in iron ore. The new line meets the Shijiazhuang-Taiyuan railway and the Datong-Puzhou railway at the eastern end. It is built mainly for carrying coal and iron ore from Shanxi to nearby provinces. The Gujiao coal mines with known deposits of about 4,600 million tons are a part of the Xishan coalfield. Most of deposits consist of high-quality coking coal. The total designed capacity of the five shaft mines to be built in the new mining area is 16,500,000 tons a year. Some of the mines will install advanced imported equipment. [Text] [Beijing XINHUA in English 0701 GMT 17 Nov 79 OW]

QINGHAI RAILWAY CONSTRUCTION--Xining, Nov 12--The road bed of rock salt built across Qarhan salt lake for a 32-kilometre-long section of the new Qinghai railway will remain safe for traffic for at least 50 years provided that 200,000 tons of potassium chloride are excavated annually from the lake, according to Huang Yinghuang, engineer of the Salt Lake Research Institute of the Chinese Academy of Sciences. The section is part of the Qinghai railway extending from Xining to Golmud finished in July this year. The line has just been opened to passenger traffic and freight transport service will soon begin. The greater part of the lake surface is dry and the rock salt deposits are as thick as 17 metres and can sustain a pressure of between 10 and 18 kilogrammes per square cm. The problem lies in the

1.7-kilometre section in the north where a small freshwater river runs through and dissolves the salt stratum. By using clay, slab fill and drainage we combatted this problem, Huang Yinghuang explained. [OW140219 Beijing XINHUA in English 0735 GMT 12 Nov 79 OW]

BEIJING COMPANY IMPROVES SERVICE--Beijing, November 14 (XINHUA)--Two Beijing transport companies, the collectively-owned Chongwen Hoisting Centre and the Yongwai Hoisting, Loading and Unloading Co-operative set up by middle school graduates, have improved service and increased earnings through competition in the past few months, according to today's "Beijing Daily." The Chongwen hoisting centre, which has been in business for 20 years, was the only company doing such work in southeast Beijing. Its service was poor and charges high. It often refused difficult jobs. The co-operative was set up in June this year, manned by a few experienced retired workers and many enthusiastic young people. They are not hampered by unnecessary rules and regulations. The co-operative likes to provide good service. A machinery repair plant had a 7-ton shaper to be moved. Another transport company said they could not do the job for three months. The co-operative came and finished the work in one day. The co-operative pays great attention to safety, for they do not have money to pay for possible losses or damages. And its service is cheaper than the other companies. For transporting a 40-ton piece, its charges are 1,000 yuan cheaper. Many customers turned to the co-operative and the centre's work began to fall off. The centre then took measures to change their style of work. They improved management and cut down fees. Their service has now improved and earnings have increased. [Text] [OW141004 Beijing XINHUA in English 0729 GMT 14 Nov 79 OW]

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